Deep Space Horizon

Cost Forecasting to WIP, explained from scratch

A verified walkthrough on the KFC Albany project (DS Construction Group sandbox), run live in the platform on 30 July 2026. Written so you can follow it with no finance or forecasting background.

Version 6, updated 28 October 2026: adds the month-end close (Save WIP position), worked scenarios and the reasoning behind the design (sections 8.1 to 8.3), and updates items fixed since July.

1. What this document is

Our finance friends asked three questions: how does forecasting work (including uncommitted allowances and risk allowances), how does the platform calculate WIP, and what does finance get each month to do the WIP journals.

Rather than answer in theory, we ran the whole thing live on a real project in the platform and screenshotted every step. Every figure below is a real screenshot with red numbered boxes, and the matching [1] [2] notes under each one tell you exactly what to look at. Every number is traced back to where it comes from, and every calculation was re done by hand and matched the screen to the dollar.

2. Read this first: the five words that do all the work

Everything in forecasting hangs off five numbers. Here is what they mean, using a simple analogy: imagine you are renovating a bathroom with a $20,000 budget.

Word	Plain meaning
Budget	What you planned to spend. Your $20,000. In the platform this is the Revised Budget, set per cost code (a cost code is just a bucket like Plumbing or Tiling).
Committed	What you have already signed up to pay. You accepted the plumber's $6,000 quote, so $6,000 is committed even though no money has left your account yet. In the platform, committed = purchase orders and subcontracts.
Actuals	What you have actually been billed so far. The plumber invoiced $1,000 for the first visit. That $1,000 is actuals.
FTC (Forecast to Complete)	Your honest estimate of what is still to spend from here to finished. This is the one number a person types in. Everything else is calculated.
EAC (Estimate at Completion)	What the whole job will really cost when it is done. The platform calculates it: EAC = Committed + FTC. Compare EAC to Budget and you know if you are heading over or under.

The one sentence version

Budget is the plan, Committed is what you have signed for, Actuals is what you have been billed, FTC is your estimate of the rest, and EAC is what the job will really cost. The QS updates the FTC once a month and the platform does everything else.

3. The test we ran, in plain English

We picked the KFC Albany project, which was nearly untouched: a 1,850,000 budget, one 50,000 purchase order committed on Electrical, and 2,005 of actual cost billed. Then we did a full monthly forecast cycle: built up new estimates on two cost codes, added a risk and an opportunity, validated,

approved, and then checked that the numbers flowed through to the Budget Register, the WIP report, and the CSV file finance would use for the journal.

Measure	Before	After	Why it changed
Budget (forecast basis)	1,850,000	1,850,000	We never touched the budget
Committed	50,000	50,000	No new orders placed
Actuals	2,005	2,005	No new bills arrived
FTC (typed by us)	1,810,000	1,830,000	We raised two estimates by 20,000 (the starting 1,810,000 already included a pre existing 10,000 overrun on Site Supervision)
EAC (= Committed + FTC)	1,860,000	1,880,000	Follows the FTC up
Forecast margin on the job	0	-30,000	EAC is now 30,000 over the 1,850,000 contract
WIP (explained in Part D)	939,195	939,227	The tiny earned margin effect

4. The monthly cycle, and the six tabs

Cost Forecasting is not a screen you visit once. It is a monthly rhythm. Each month opens as a draft that carries forward from the last approved month, someone updates the estimates, and then the month is validated and locked. Once locked it can never be edited, only superseded by the next month.

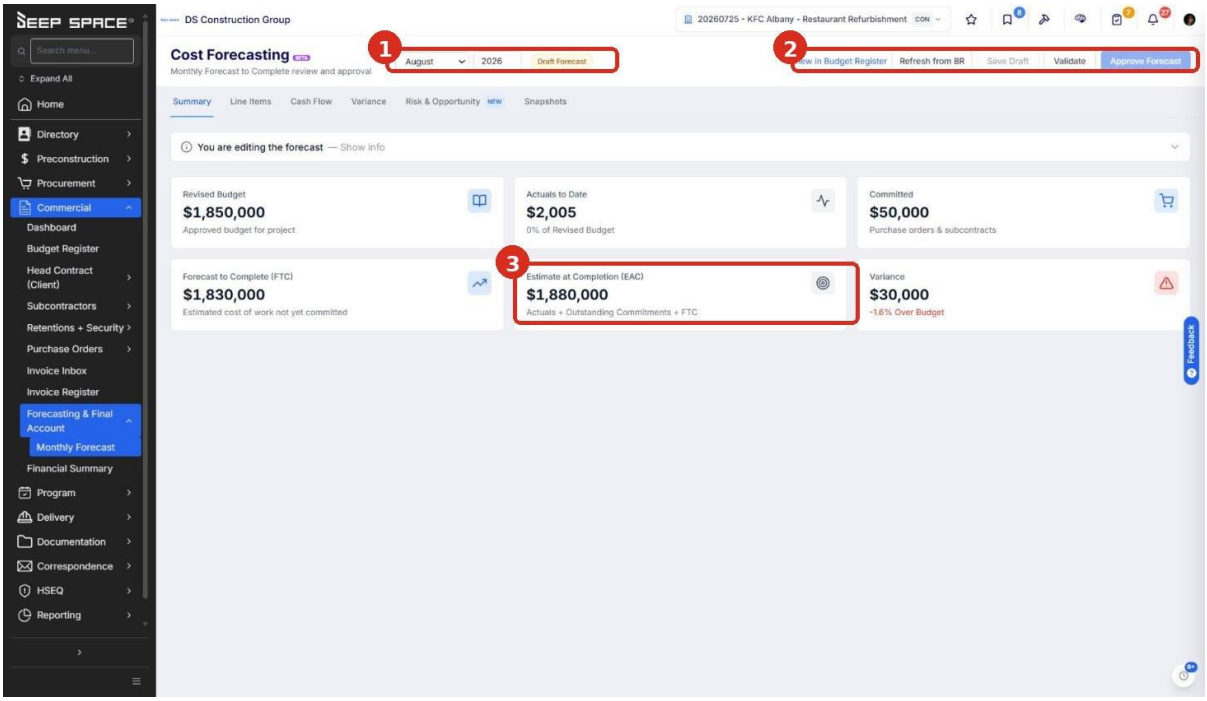


Figure 1. The Cost Forecasting header and Summary tab, showing an open August draft.

[1] The period selector and state pill. August 2026 is a Draft, meaning it is still editable. Switch the selector to July and the same page becomes read only, because July has been approved.

[2] The action buttons, which are the whole state machine: Refresh from BR pulls any budget changes since the draft opened, Save Draft keeps working, Validate runs the checks, and Approve locks the month.

[3] The EAC card. Note the formula written underneath: Actuals + Outstanding Commitments + FTC. That is the platform being explicit about what it is adding up, and it matters, because those three buckets are mutually exclusive and together they cover the whole job.

Three buckets of cost, never overlapping

Actuals: what you have actually been billed. 2,005 on this job.

Outstanding commitments: what you have signed for but not yet been billed. Committed 50,000 less the 2,005 already invoiced, so 47,995.

FTC: your estimate of everything still to come that you have not signed for yet. 1,830,000.

Add them: 2,005 + 47,995 + 1,830,000 = 1,880,000, the EAC. Every dollar of the job sits in exactly one bucket, which is why the total always reconciles.

A fourth thing exists but is deliberately excluded: Pending Commitments, meaning draft purchase orders and subcontracts not yet issued. They are not committed and not forecast, so counting them would double up against FTC.

Six tabs sit under the header, and each answers a different question:

Tab	The question it answers
Summary	Where does this job stand right now?
Line Items	Which cost codes are driving it, and what am I forecasting for each?
Cash Flow	When does the money actually go out, month by month?
Variance	What changed, against budget and against last month?
Risk & Opportunity	What could still move it that is not yet a cost?
Snapshots	What did we say last month, and who signed it off?

4. Part A. Forecasting: where the estimate comes from

4.1 The forecast table

The forecasting page (Commercial > Forecasting & Final Account > Monthly Forecast) shows one row per cost code with Budget, Committed, Actuals, Remaining, FTC and EAC side by side. One draft exists per month. The only cell a human edits is the FTC.

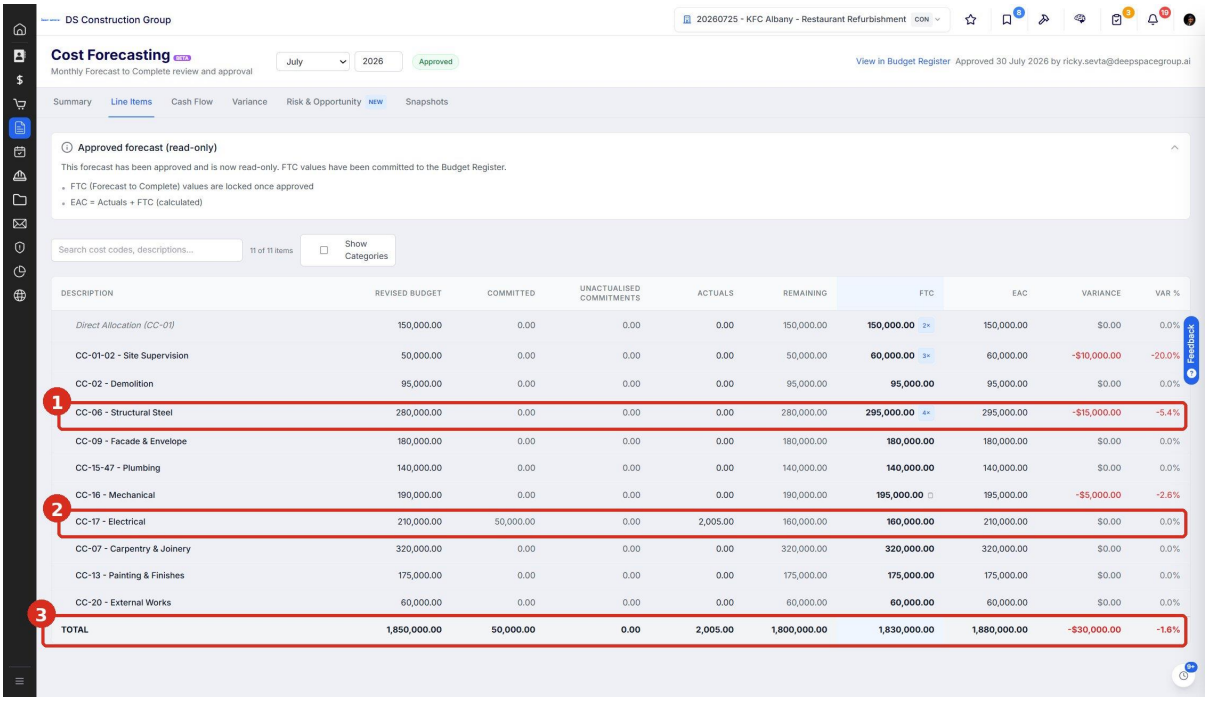


Figure 2. The full forecast table for KFC (shown here in its final, approved state). One row per cost code.

[1] CC-06 Structural Steel after our build-up: budget 280,000, FTC 295,000, and the small 4x badge showing the figure is built from 4 typed rows rather than guessed. The variance column instantly shows it 15,000 (5.4%) over budget.

[2] CC-17 Electrical shows how EAC is assembled: Actuals 2,005 plus Outstanding Commitments 47,995 plus FTC 160,000 equals EAC 210,000, exactly on its 210,000 budget.

[3] The TOTAL row: FTC 1,830,000 and EAC 1,880,000 against a 1,850,000 budget, giving the -30,000 (-1.6%) variance that drives everything later in this document.

What is an uncommitted allowance?

It is simply budget you have not signed away yet. Remaining = Budget less Committed.

Example from the run: Electrical had a 210,000 budget and a 50,000 purchase order. So 160,000 was uncommitted, and the platform started the FTC at 160,000, meaning "if nothing changes, you still have 160,000 of spending ahead of you." The QS then overrides that with a better estimate whenever they know more.

4.2 The FTC is built, not guessed

Clicking any FTC opens a side drawer. Instead of typing one big number, you build it from rows, and every row has a type that says what kind of money it is:

Row type	Plain meaning

Forecast Cost	Real expected cost. "The steel will cost 240,000 and the crew is 4 weeks at 8,500 a week."
Contingency	Just in case money for a known worry. "12,000 in case the connections need redesigning."
Trade Reserve	A buffer held against a trade or scope you have not bought yet. "9,000 for bits we may have missed."
Variation Claim	Cost you expect from a change to the job (a variation).

Why the types matter: at month end anyone can see how much of a forecast is genuine expected cost versus safety money. When the job de risks, the contingency and reserve can be released back to profit, and you can see exactly how much there is to release.

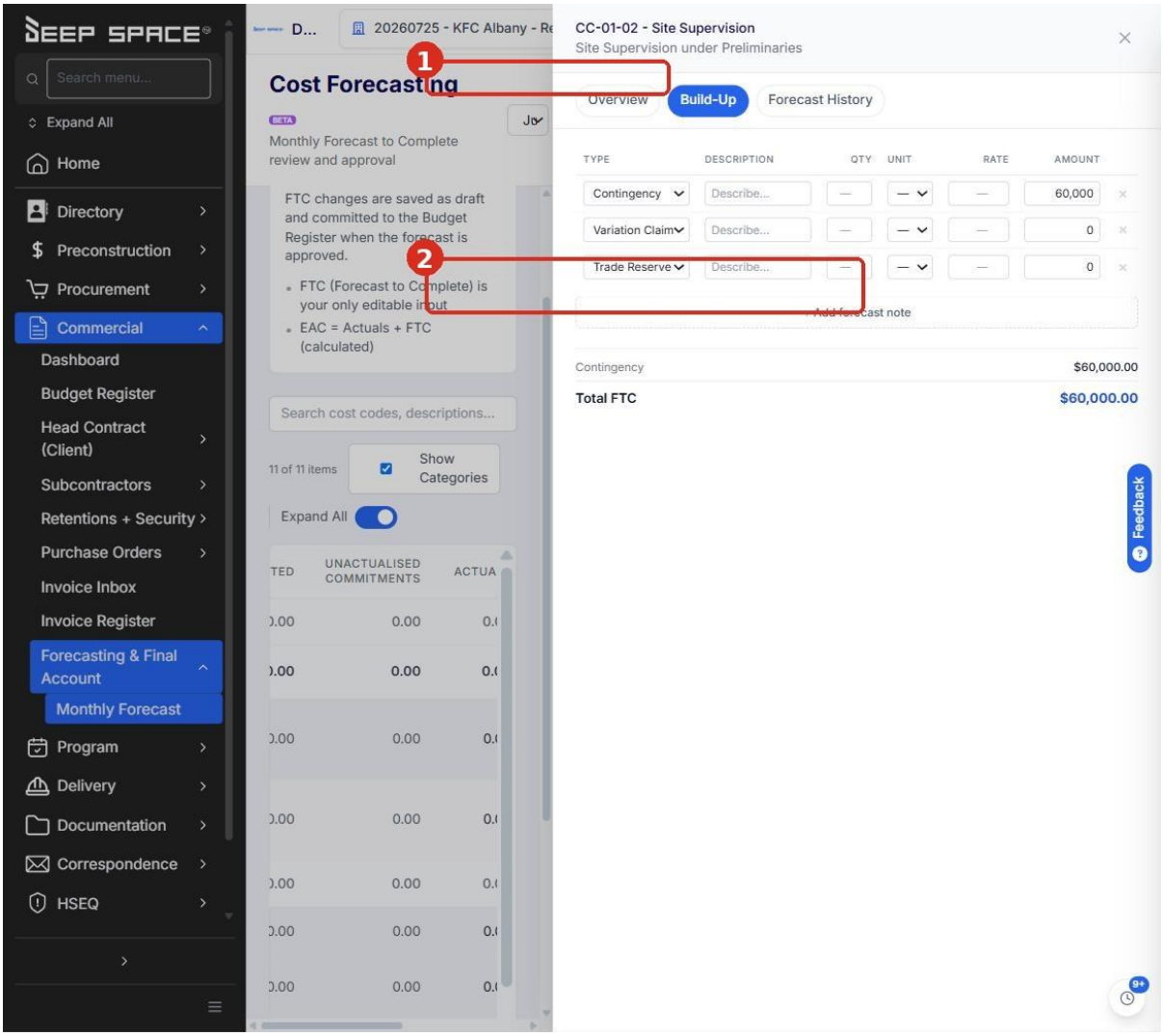


Figure 3. The build-up drawer on cost code CC-01-02 Site Supervision.

[1] Three tabs: Overview, Build-Up (where the rows live) and Forecast History (the month by month audit trail).

[2] The bottom of the drawer totals the rows by type. This 60,000 FTC is entirely Contingency, so a reviewer instantly knows the whole figure is safety money, not a firm cost.

4.3 Worked example: building up Structural Steel

We rebuilt cost code CC-06 Structural Steel (budget 280,000) from four rows: supply and fabrication 240,000, an erection crew priced as 4 weeks x 8,500, contingency 12,000, and a trade reserve of 9,000.

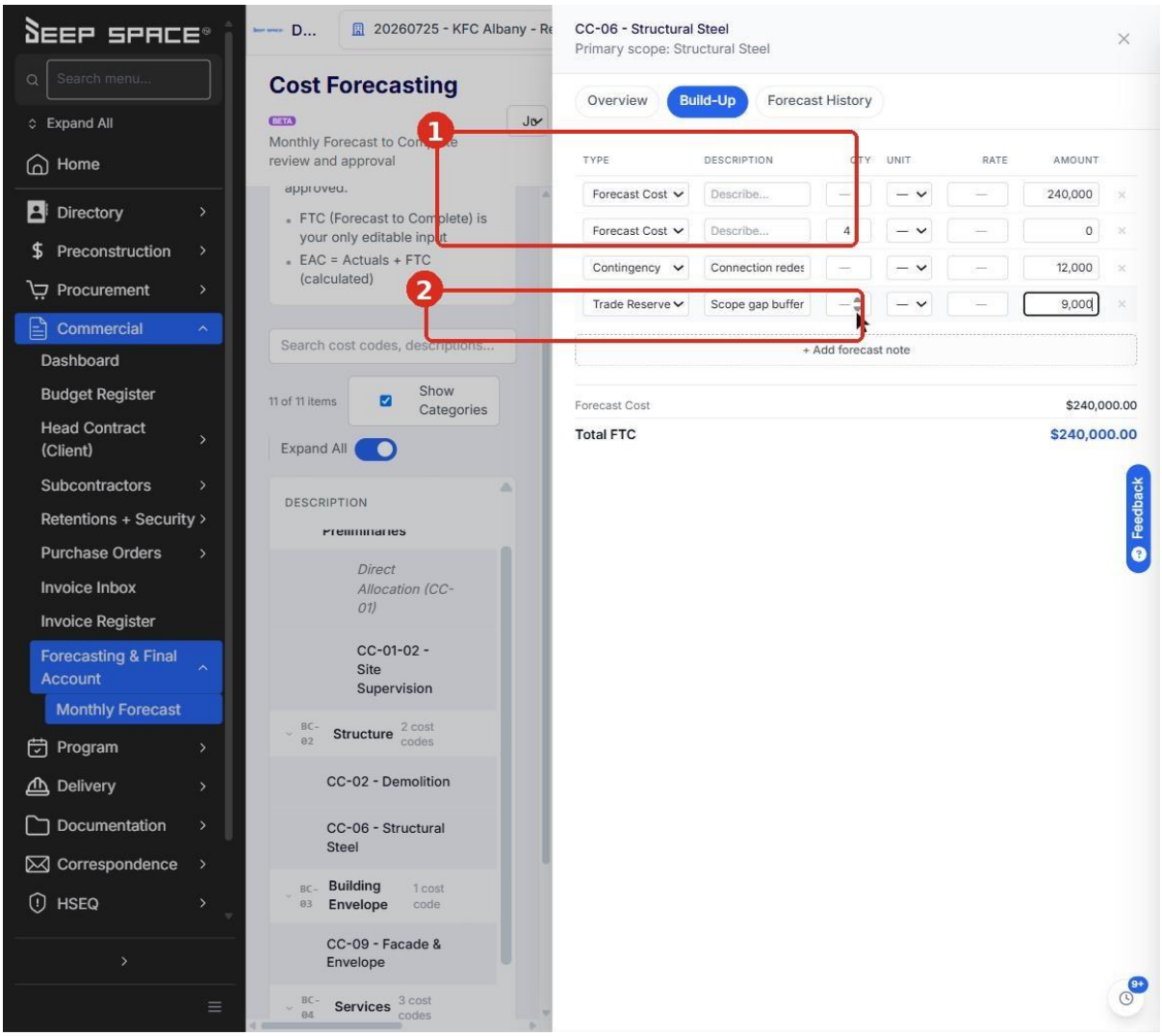


Figure 4. Entering the rows. Each has a type, a description, optional quantity x rate, and an amount.

[1] The four rows being entered. Units on the rate maths include hours, days, weeks, months, square metres and more.

[2] The Total FTC at the bottom recalculating live as rows go in.

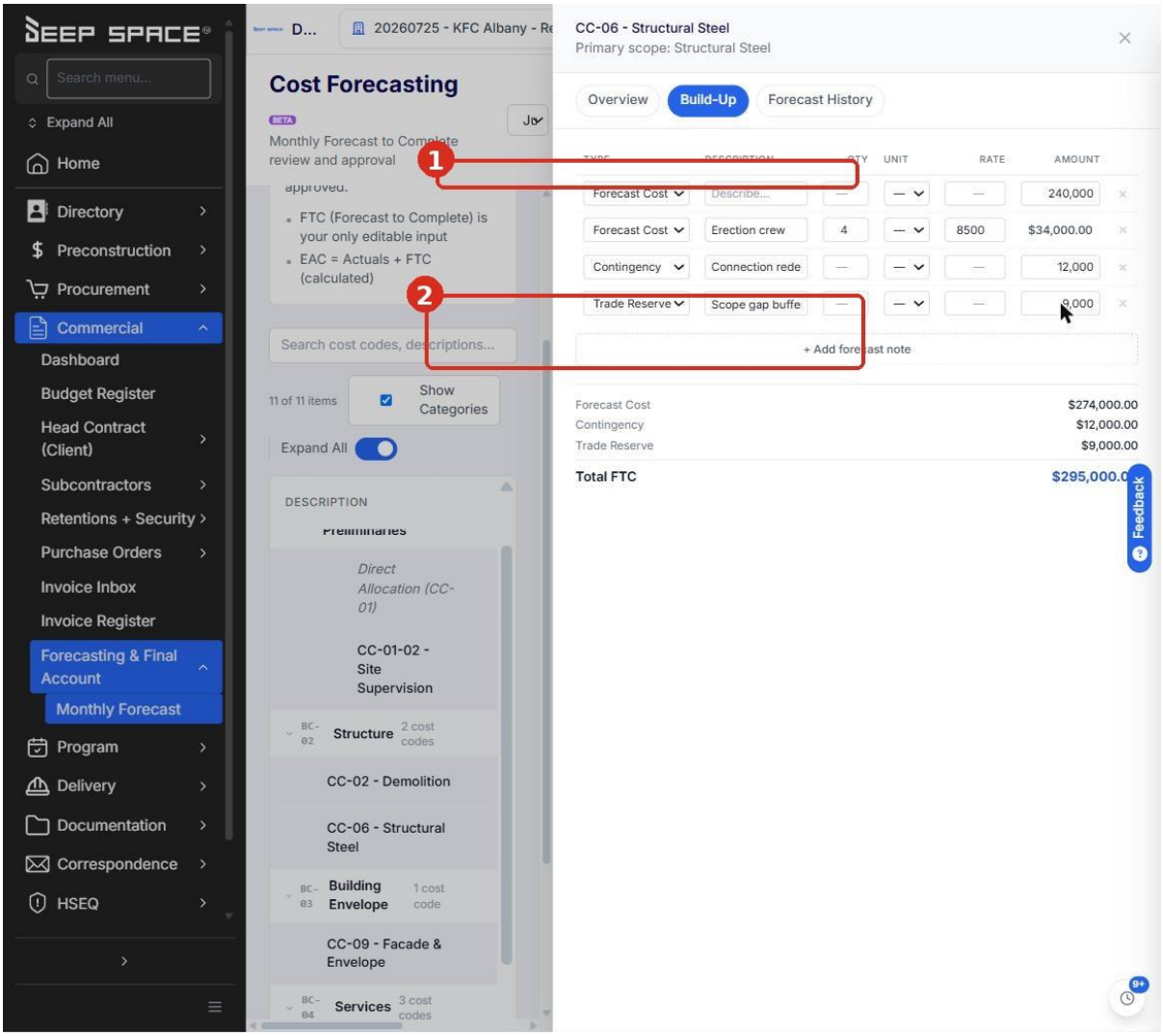


Figure 5. The finished build-up.

[1] The rate maths working: 4 WEEK x 8,500 auto calculates to 34,000. No side spreadsheet.

[2] The subtotals: Forecast Cost 274,000 + Contingency 12,000 + Trade Reserve 9,000 = Total FTC 295,000. So of this 295,000 estimate, 21,000 is safety money that could come back as profit if the worries never happen.

Where the new EAC comes from (follow the money)

Start from the table's Remaining total: budget 1,850,000 less committed 50,000 = 1,800,000 uncommitted. If nobody had touched the forecast, the FTC total would sit at exactly that 1,800,000.

But one code was already forecast over before our walkthrough: CC-01-02 Site Supervision carried a pre existing build-up of 60,000 against a 50,000 budget (the 3x badge row), adding 10,000. So the starting FTC total was 1,800,000 + 10,000 = 1,810,000.

Our changes: CC-06 Structural Steel went 280,000 to 295,000 (up 15,000) and CC-16 Mechanical was set to 195,000 from 190,000 (up 5,000).

New total FTC = 1,810,000 + 15,000 + 5,000 = 1,830,000. New EAC = Committed 50,000 + FTC 1,830,000 = 1,880,000.

The contract is worth 1,850,000, so the job forecasts a 30,000 loss. Sanity check against the table's Variance column: the three over budget rows are Site Supervision -10,000, Structural Steel -15,000 and Mechanical -5,000, and -10,000 -15,000 -5,000 = -30,000 exactly. Remember that number, it drives everything in Part D.

4.4 Risk allowances: the Risk & Opportunity Register

Contingency inside a cost code covers worries about that trade. Bigger, whole of project worries live one level up in the Risk & Opportunity Register. Each entry is valued three ways: Worst case, Most Likely, Best case. Think pessimistic, realistic, optimistic.

We added one of each: a risk that imported kitchen equipment arrives late and stretches the job (Worst 40,000 / Most Likely 25,000 / Best 10,000), and an opportunity that the steel package comes in under allowance (Worst 5,000 / Most Likely 10,000 / Best 18,000). The register nets the realistic values: risks 25,000 less opportunities 10,000 = a net +15,000 exposure.

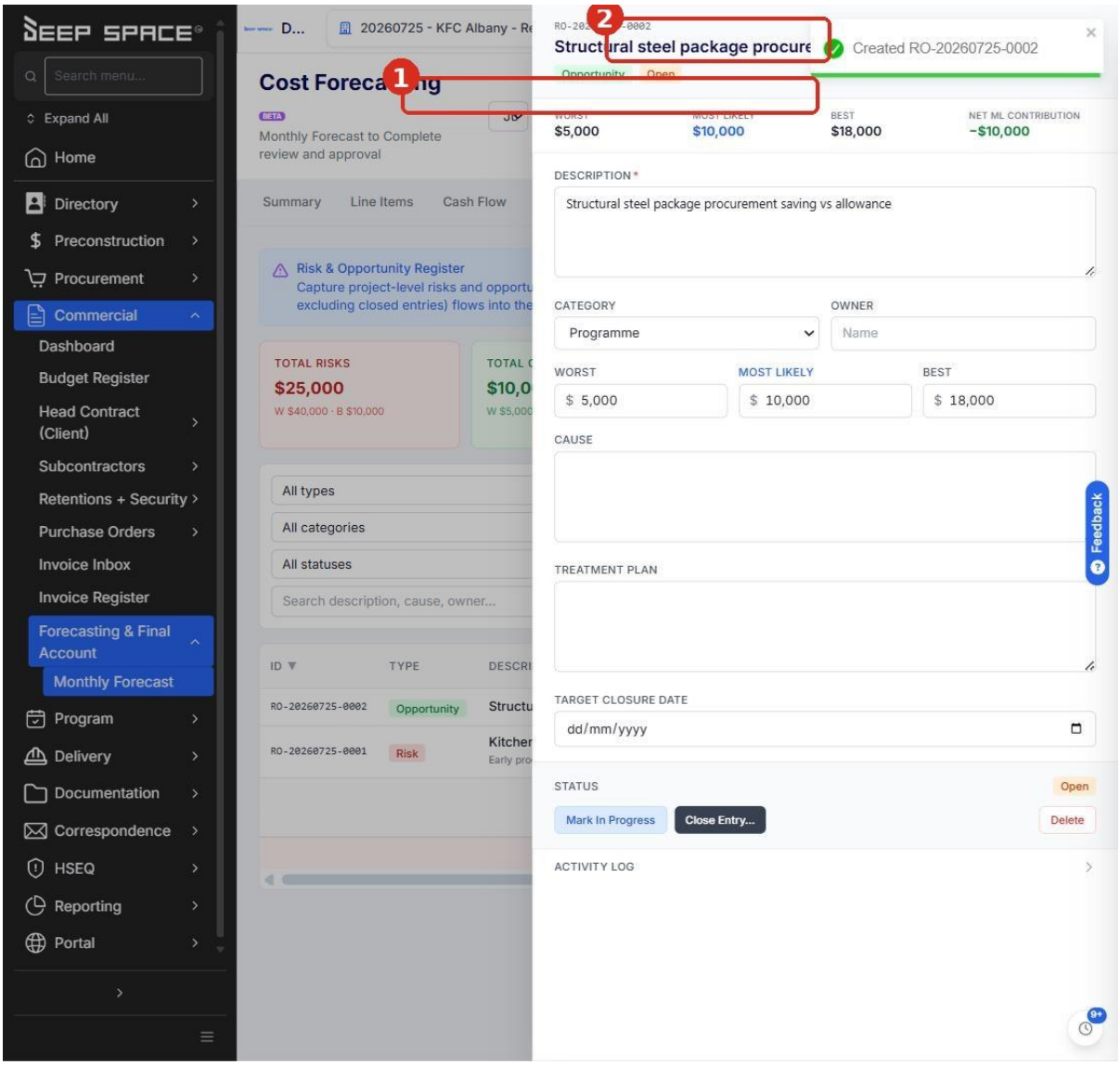


Figure 6. The opportunity entry straight after creation.

[1] The three point valuation strip. The Net ML Contribution of -10,000 means this opportunity reduces the project's net exposure by its realistic value.

[2] Every entry gets a reference number (RO-20260725-0002) so it can be quoted in meeting minutes and tracked to closure.

A design point worth knowing: R&O deliberately sits above the cost structure. Entries carry no cost code, so the net position never touches EAC (a per cost code rollup, locked as a snapshot on approval, while the register stays live). Instead it lands in the reporting layer as an R&O Adjust on margin. That separation is intentional: line level risk money already sits inside each FTC as Contingency and Trade Reserve, so

keeping them apart means risk is never double counted in cost, and a locked forecast never goes stale as risks open and close.

This is now fully wired. The KFC register nets to +15,000 and the reporting layer shows an R&O Adjust of -15,000, taking margin from -30,000 to -45,000. Part F walks that through.

5. The Variance tab: what changed, and against what

A forecast on its own tells you where you are. Variance tells you how you got here, which is the question a project review actually opens with. It compares the current forecast two ways at once.

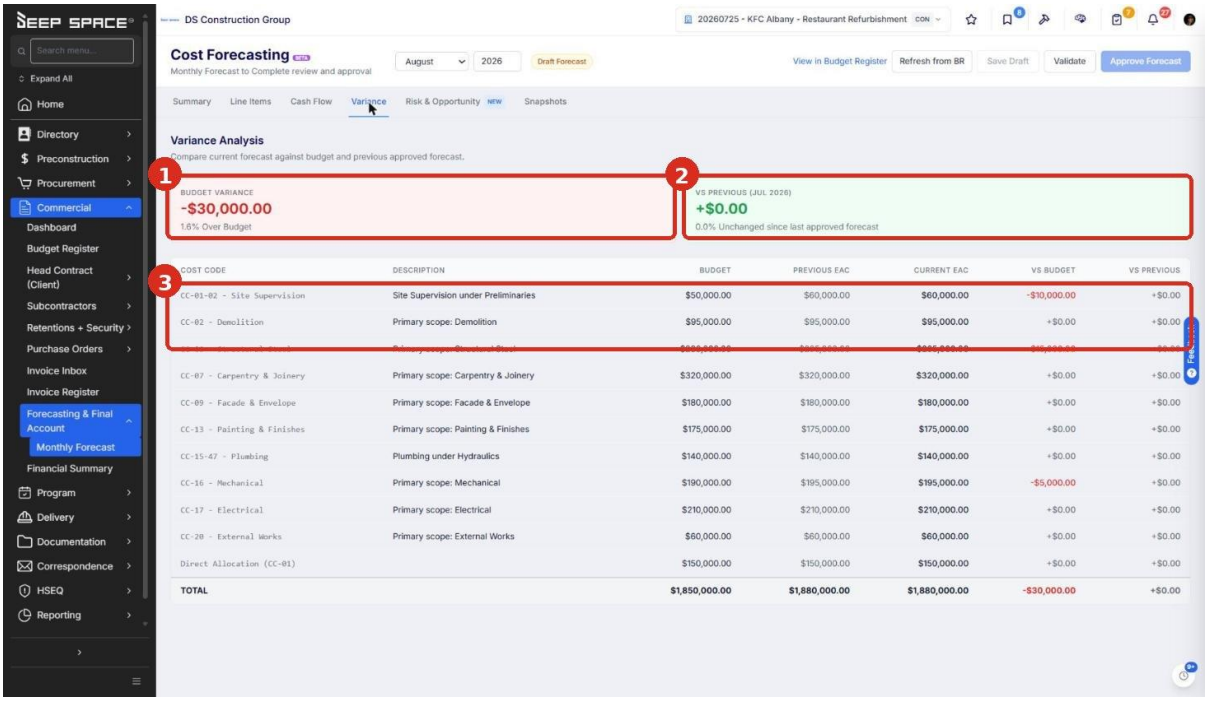


Figure 7. The Variance tab on the August draft.

[1] Against budget: -30,000, or 1.6% over. This is the cumulative story since the job was priced.

[2] Against the previous approved forecast (July 2026): +0.00, unchanged. This is the story since last month. Two different questions, and a CM needs both, because a job can be badly over budget yet perfectly stable month to month, which is a very different conversation to one that moved 200,000 last month.

[3] The same split per cost code, so the three lines carrying the overrun are named immediately: Site Supervision -10,000, Structural Steel -15,000, Mechanical -5,000. Everything else is flat.

Why -10,000, -15,000 and -5,000 sum to the whole story

Those three are the only cost codes where the forecast differs from the budget, and -10,000 -15,000 -5,000 = -30,000 exactly, the project variance.

This is the same set of movements you will see again in Part F as the margin bridge. Variance shows them against budget; the bridge shows them as the reason margin moved. Same three numbers, two lenses.

6. The Snapshots tab: the audit trail

Every approval writes an immutable record. The Snapshots tab is where those records live, and it is the reason a forecast can be trusted months later.

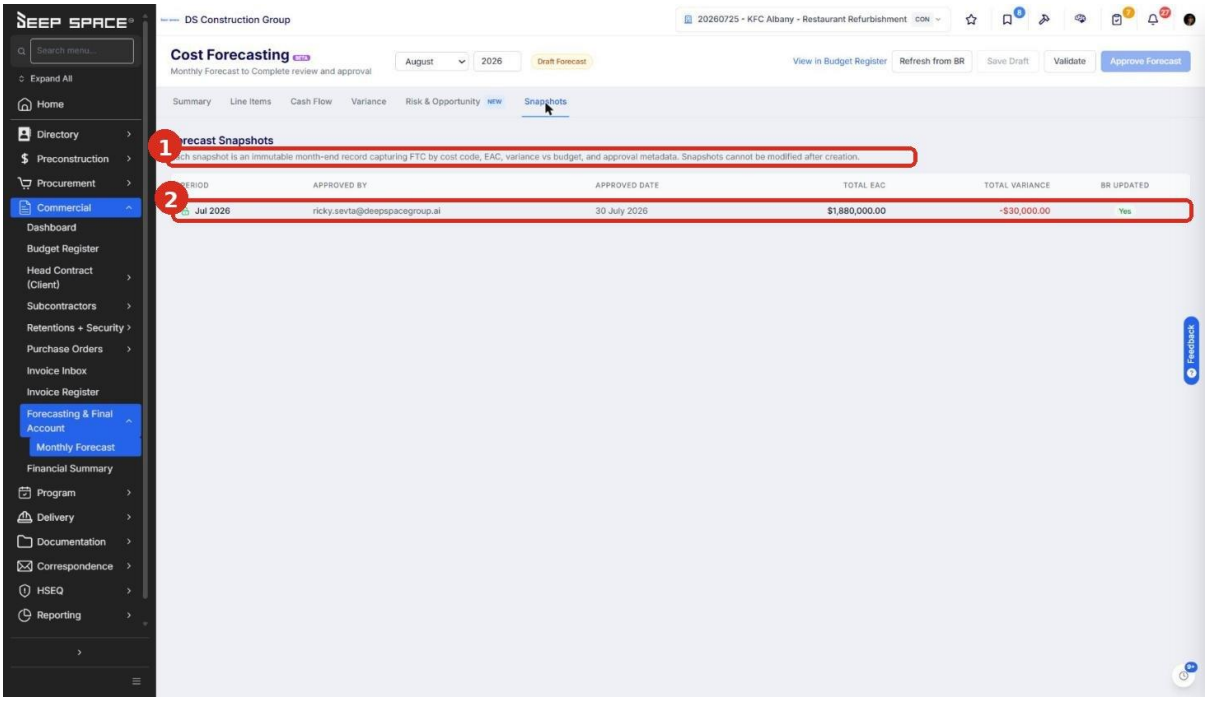


Figure 8. The Snapshots tab, with one approved period on record.

[1] The platform states the rule plainly: each snapshot captures FTC by cost code, EAC, variance against budget and the approval metadata, and cannot be modified after creation.

[2] The July 2026 record, locked, with who approved it, when, the EAC of 1,880,000, the variance, and confirmation that the Budget Register was updated. If a director asks in December what the team was forecasting in July and who signed it, the answer is one click, not an email search.

Snapshots are also what makes the margin bridge in Part F possible. Comparing two locked records is how the platform explains a movement without anyone re keying a thing.

5. Part B. Validate and approve: locking the month

A draft forecast is just a working file. To make it official you Validate (the platform checks it over) and then Approve (it becomes the locked record for the month).

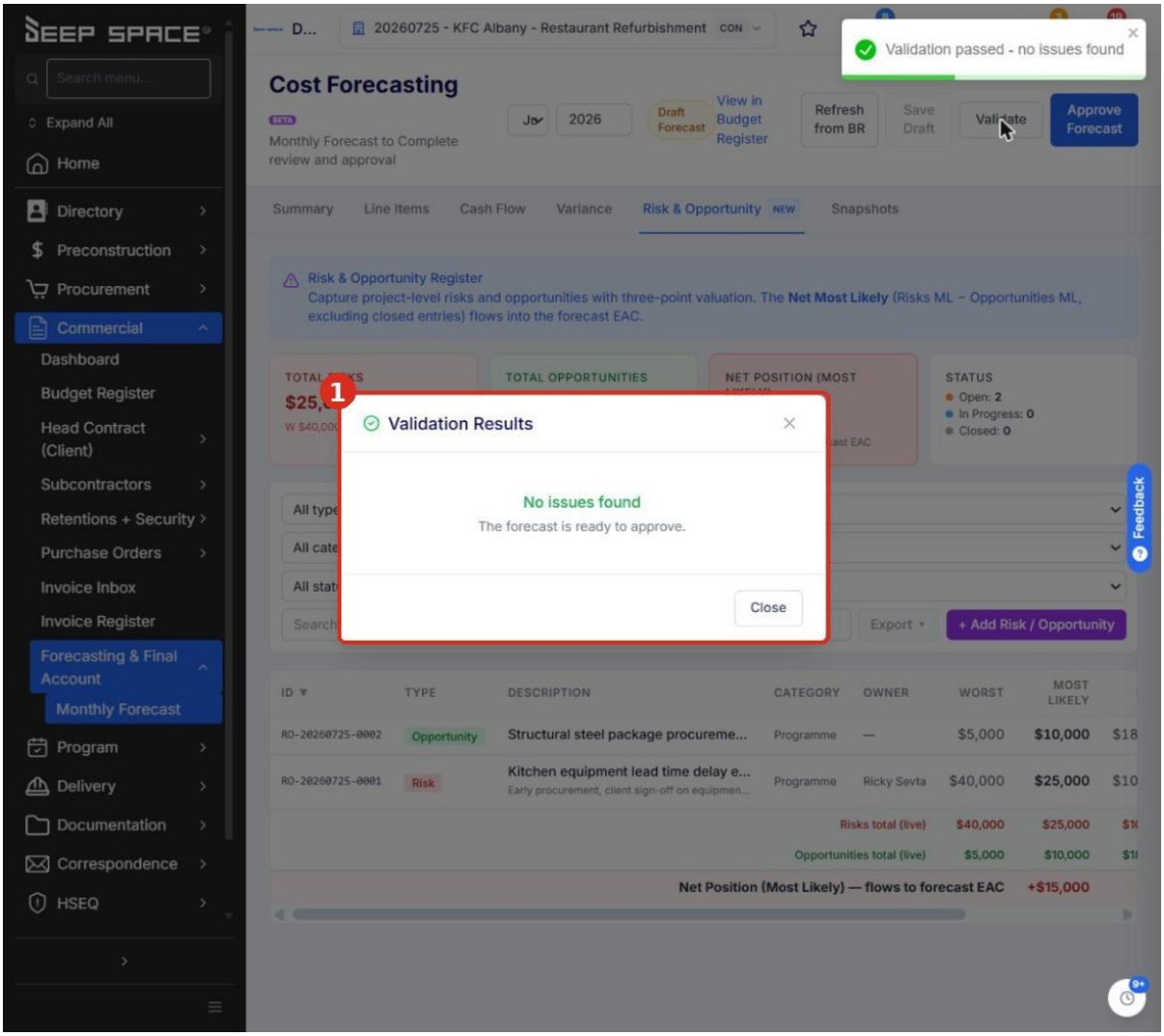


Figure 9. Validation of the July draft.

[1] The check passed: no issues found, ready to approve.

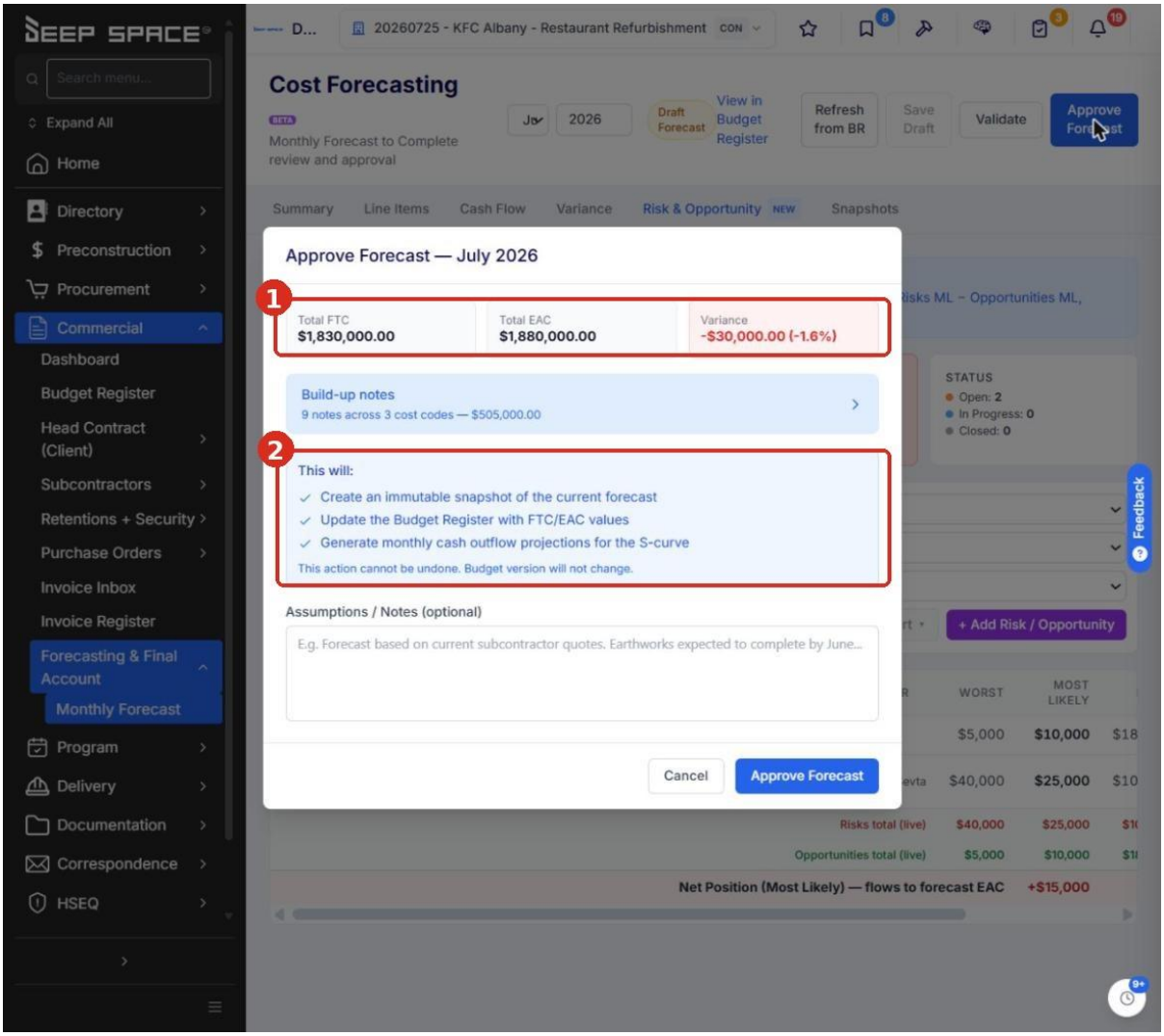


Figure 10. The approval screen. This is the moment that matters.

[1] The summary the approver signs off: FTC 1,830,000, EAC 1,880,000, and the job now 30,000 (1.6%) over. The approver can also drill into all 9 build-up notes to see the reasoning, not just the totals.

[2] What pressing Approve actually does: takes a permanent snapshot of the forecast, writes the numbers back to the Budget Register, and generates the monthly cash flow projections. It cannot be undone. If next month you learn better, you do a new forecast; you never quietly edit history. Auditors like that.

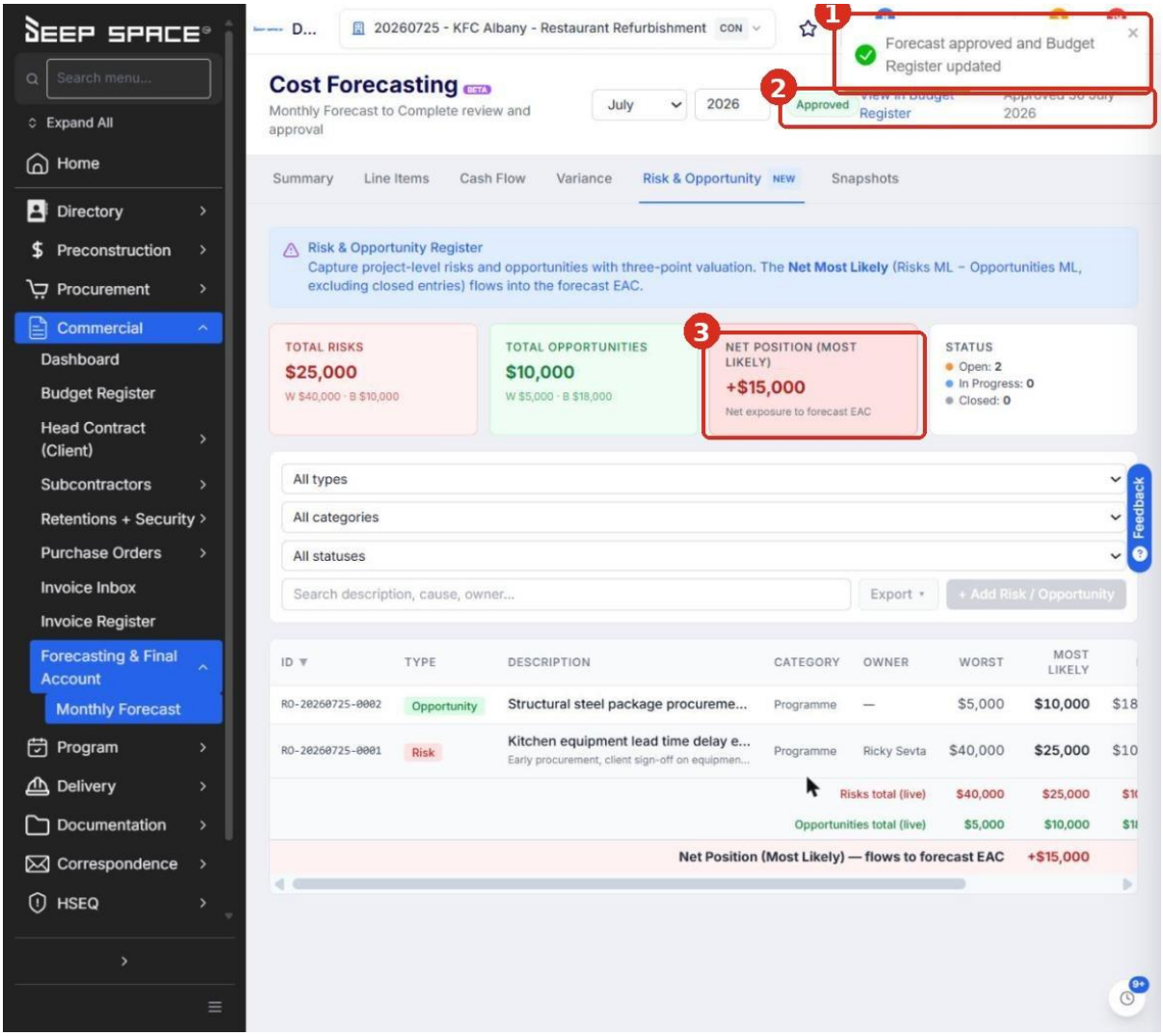


Figure 11. After approval.

[1] Confirmation that the Budget Register was updated.

[2] The month is now stamped Approved 30 July 2026 and all the editing buttons are gone. July is read only forever.

[3] The Risk & Opportunity register stays live beside the locked forecast, showing the net +15,000.

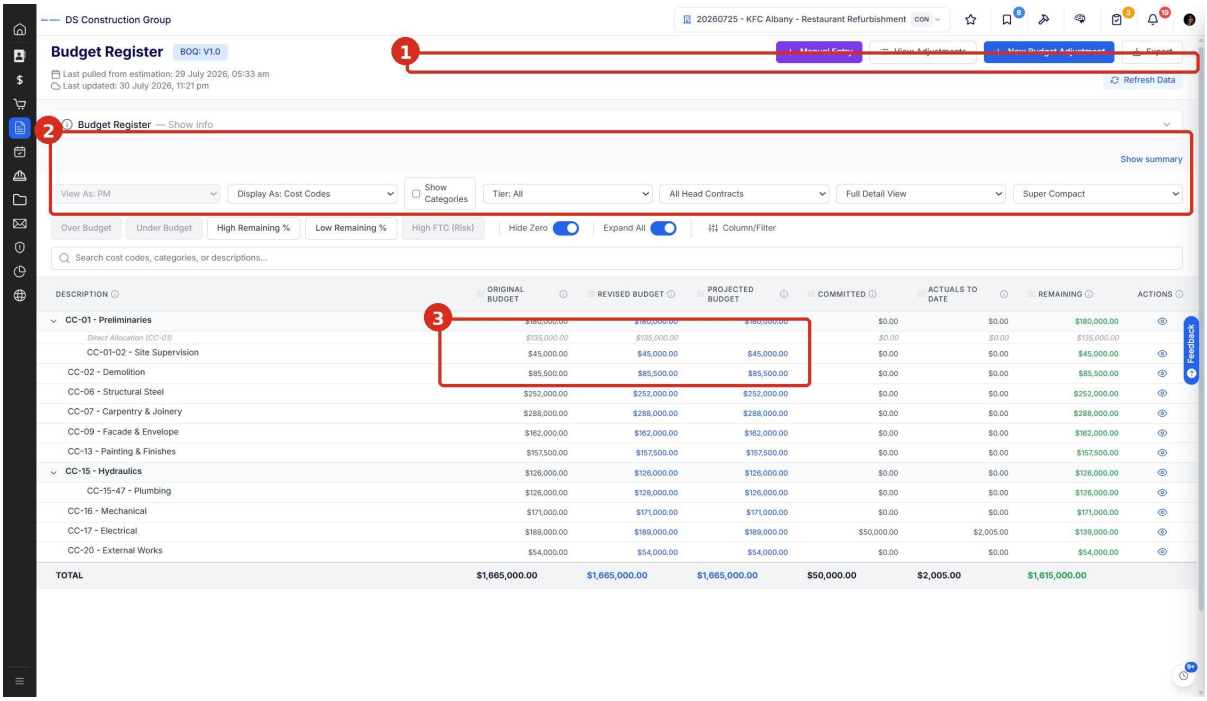


Figure 12. The forecast Summary tab after approval, now read only.

[1] The audit stamp: Approved 30 July 2026 by ricky.sevta@deepspacegroup.ai. Every approval records who and when.

[2] The read only banner confirming the FTC values have been committed to the Budget Register. (Side note: this banner still carries the stale "EAC = Actuals + FTC" wording from Finding 1; the actual calculation is Committed + FTC.)

[3] The EAC card: 1.9M, being Committed 50,000 plus the approved FTC of 1.83M.

6. Part C. The Budget Register picked it up

The Budget Register is the project's master cost record. The proof the approval flowed through is its timestamp.

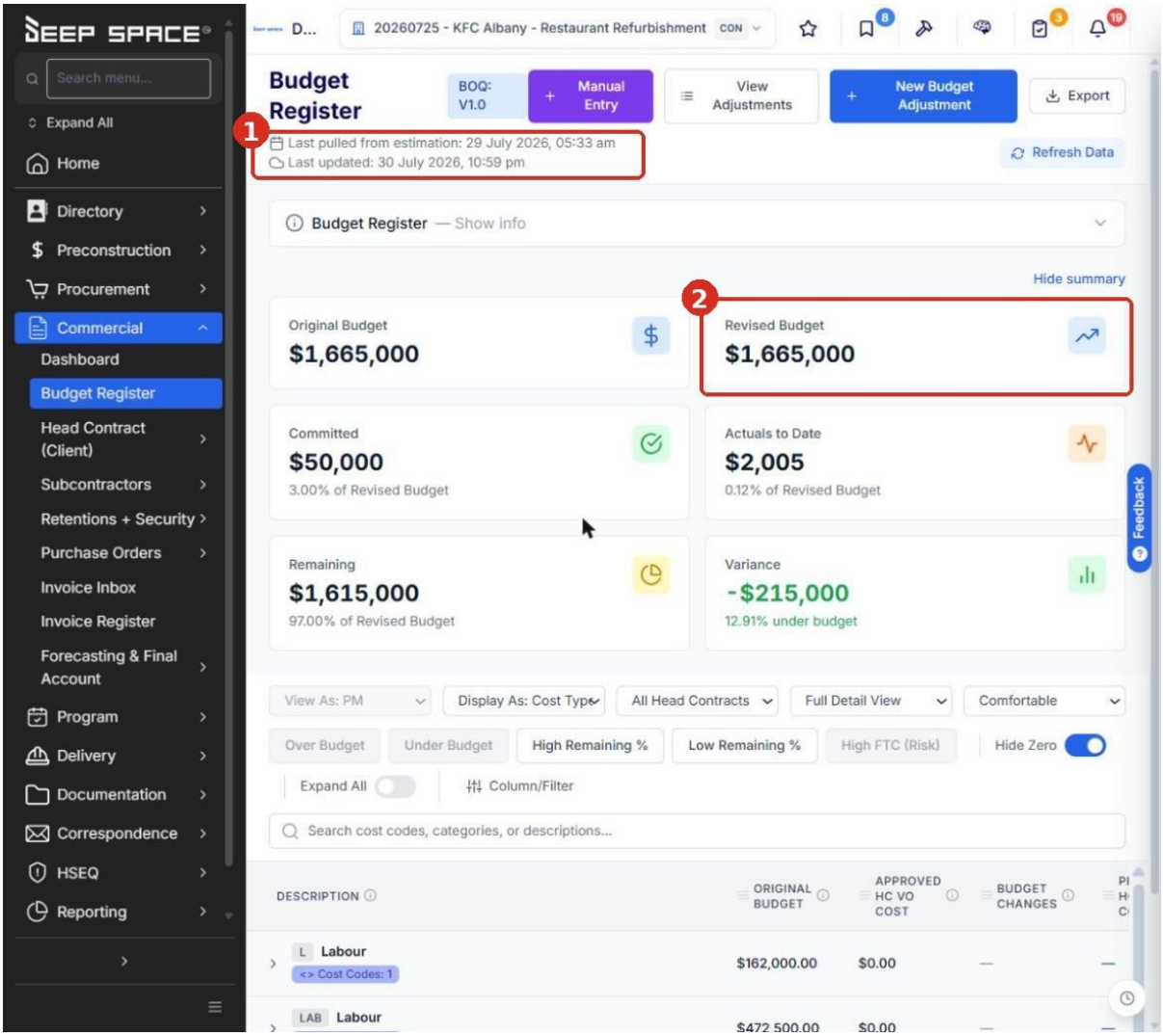


Figure 13. The Budget Register straight after approval.

[1] "Last updated: 30 July 2026, 10:59 pm" matches the approval to the minute. Nothing was re typed; the approval wrote it.

[2] The Budget Register shows 1,665,000 while the forecasting page shows 1,850,000. This puzzled us at first, but it turned out to be deliberate, and section 6.1 shows exactly why.

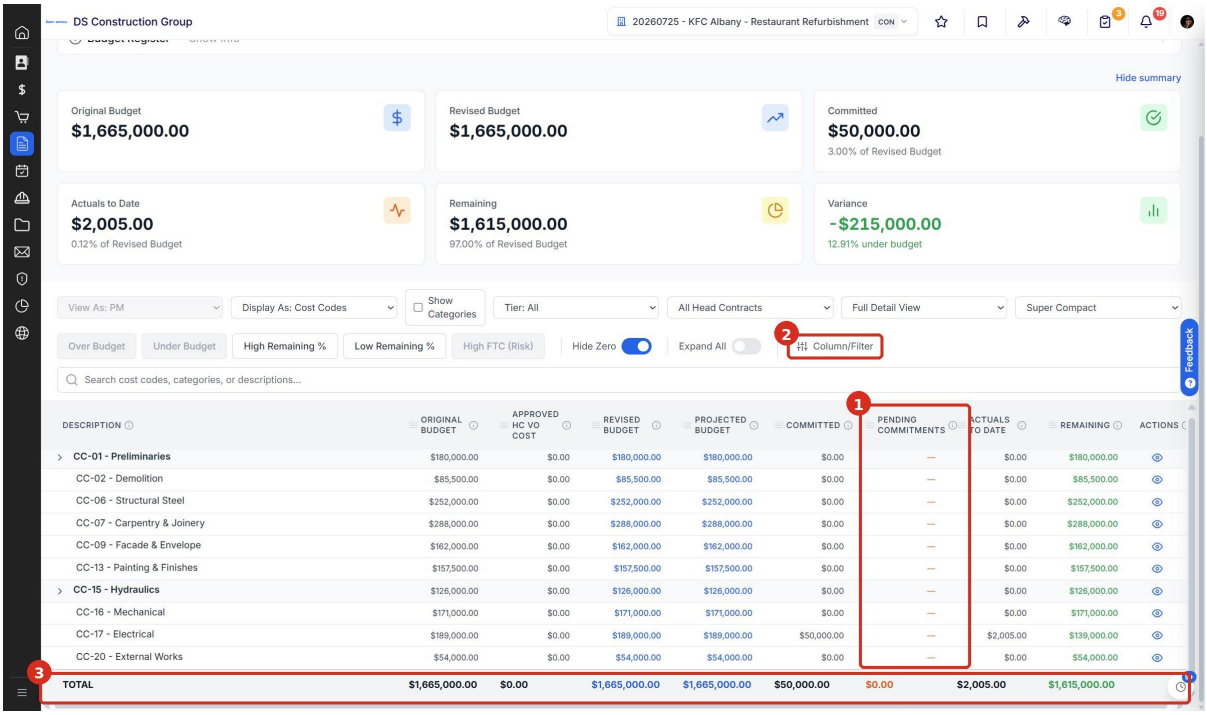


Figure 14. The Budget Register per cost code, after approval.

[1] The Pending Commitments column: draft purchase orders and subcontracts that have not been issued yet. These are deliberately excluded from EAC, because they are neither committed nor part of the FTC, so counting them would double up. It was nil on this job at the time of capture.

[2] The Column/Filter control, where each user chooses their own column set. Switching on FTC and Forecast (FFC/EAC) here reveals the approved forecast written back per cost code, shown in the next figure.

[3] The totals row: 1,665,000 budget, 50,000 committed, 2,005 actuals, 1,615,000 remaining. These are the cost basis figures the reporting layer reads. (If the 1,665,000 looks odd against the 1,850,000 you have seen everywhere else, section 6.1 explains why.)

6.1 Mystery solved: why the Budget Register shows 90% of the budget

The 1,665,000 versus 1,850,000 difference is not a bug and not a cost versus sell split. It is a deliberate role setting. In Project Settings > Team, each role can be given a Budget Register KPI, a factor applied to the budget values that role sees. The Project Manager role on this project is set to 0.90, so the PM sees 90% of every budget figure.

Why would anyone do that?

It is a classic commercial management technique: give the delivery team a slightly tighter budget target than the real one, so the buffer between the two (here 10%, or 185,000) is protected. If the PM lands the job inside their 90% numbers, the business banks the difference.

Check the maths: 1,850,000 x 0.90 = 1,665,000, exactly what the register showed. The factor applies to budget values only; forecast figures stay true, which is why the next figure shows FTC 1,830,000 sitting beside the factored budgets.

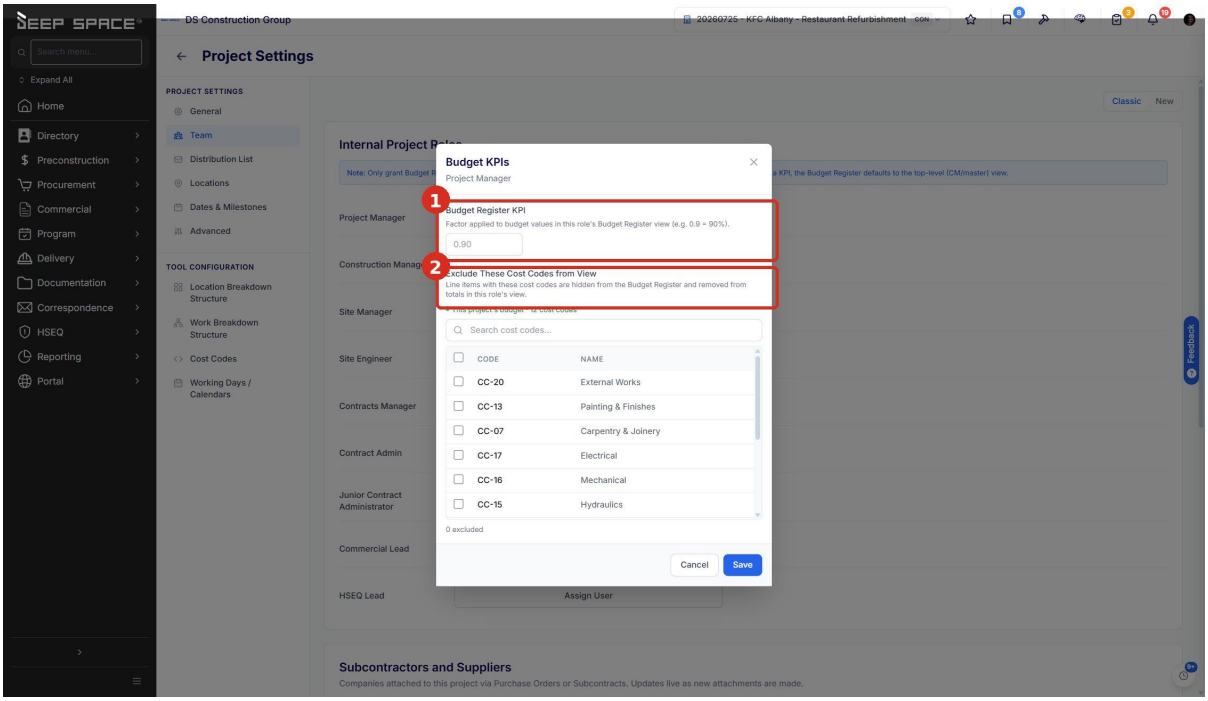


Figure 15. The Budget KPIs setting in Project Settings > Team, the source of the 90% view.

[1] The Budget Register KPI factor for the Project Manager role, set to 0.90. The helper text spells it out: a factor applied to budget values in this role's Budget Register view.

[2] The same setting can also hide whole cost codes from a role's view, removing them from that role's totals entirely.

The second half of the mystery was the missing FTC and EAC columns in the Budget Register. They were never missing; the columns were simply toggled off in the view we had open. Turning them on shows the approved forecast written back per cost code.

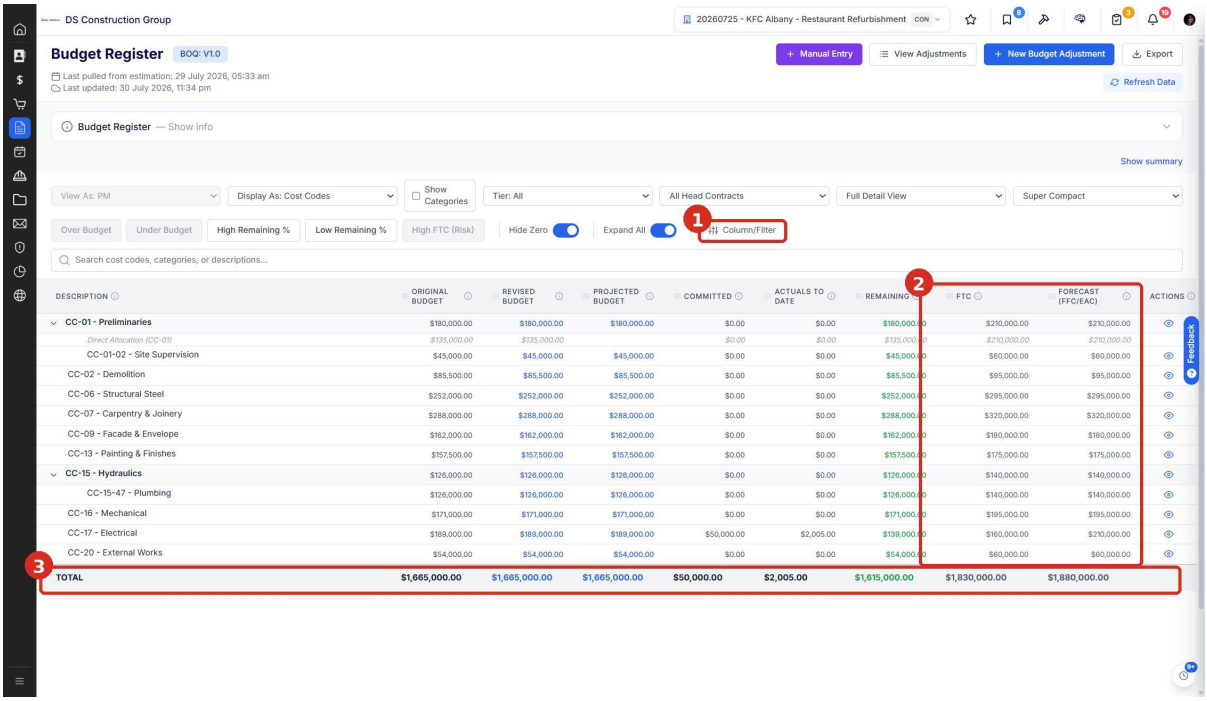


Figure 16. The Budget Register with the FTC and Forecast (FFC/EAC) columns switched on.

[1] The Column/Filter control where columns are toggled on and off per user.

[2] The FTC and Forecast (FFC/EAC) columns carrying the approved forecast per cost code: CC-06 at 295,000, CC-16 at 195,000, exactly what we approved, shown at true value beside the 0.90 factored budget columns.

[3] The totals: FTC 1,830,000 and FFC/EAC 1,880,000, matching the approval to the dollar.

9. The Cash Flow tab: when the money actually goes out

Everything so far answers how much. Cash Flow answers when. It takes the same three cost buckets and spreads them across the calendar, month by month, so a builder can see the shape of their outgoings rather than just the total.

9.1 The grid is bounded by the programme

The columns run March to October 2026 on this job. That window is not typed in and does not come from Project Settings. It is taken from the construction programme: the earliest linked task start to the latest linked task end. If the programme says the work runs Mar to Oct, that is when cash moves, regardless of what a contractual completion date says.

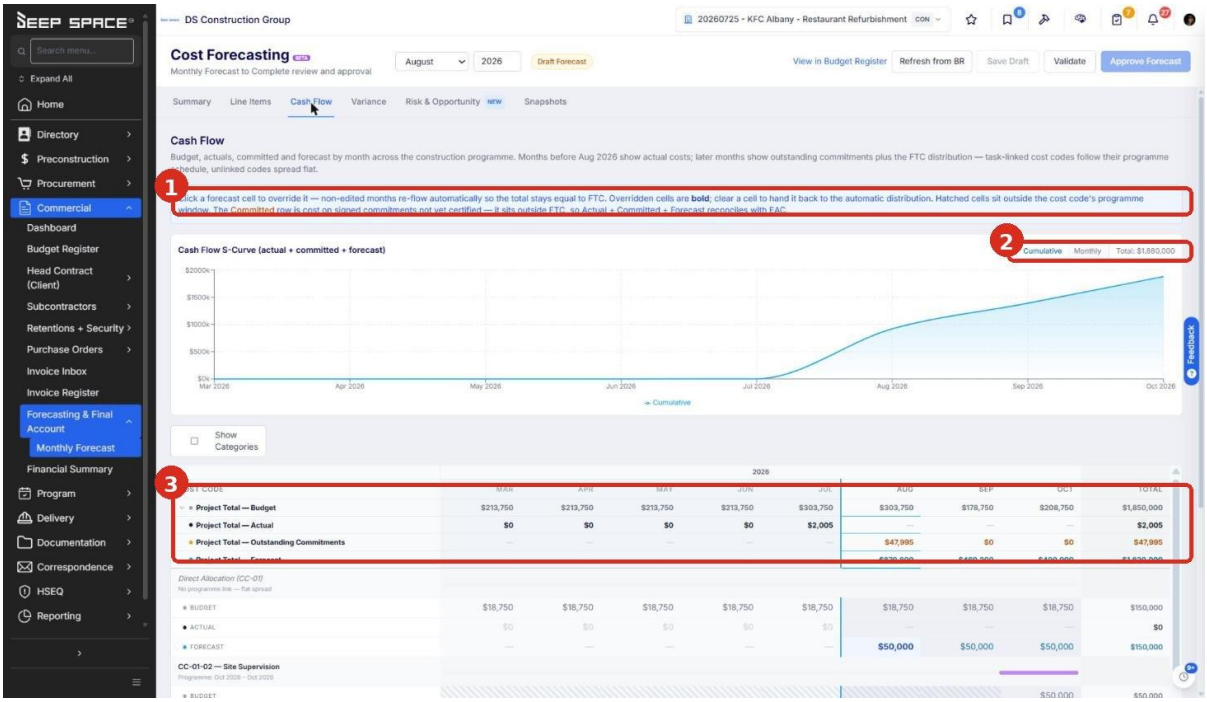


Figure 17. The Cash Flow tab, top of the page.

[1] The help text, which explains the whole behaviour in two sentences, including that the Committed row sits outside FTC so Actual + Committed + Forecast reconciles with EAC.

[2] The S-curve with a Cumulative / Monthly toggle, and the total reading 1,880,000: the same EAC, now proven across the calendar rather than just in a card.

[3] The four totals rows, pinned directly beneath the chart so the numbers sit next to the picture. They stay visible as you scroll the detail below.

9.2 Four rows per cost code

Each cost code gets a stack of rows, one per bucket: Budget (the plan), Actual (billed so far), Outstanding Commitments (signed, not yet billed) and Forecast (the FTC spread out). Actuals only appear in past months, and commitments and forecast only in future months, because that is the only way each can be true.

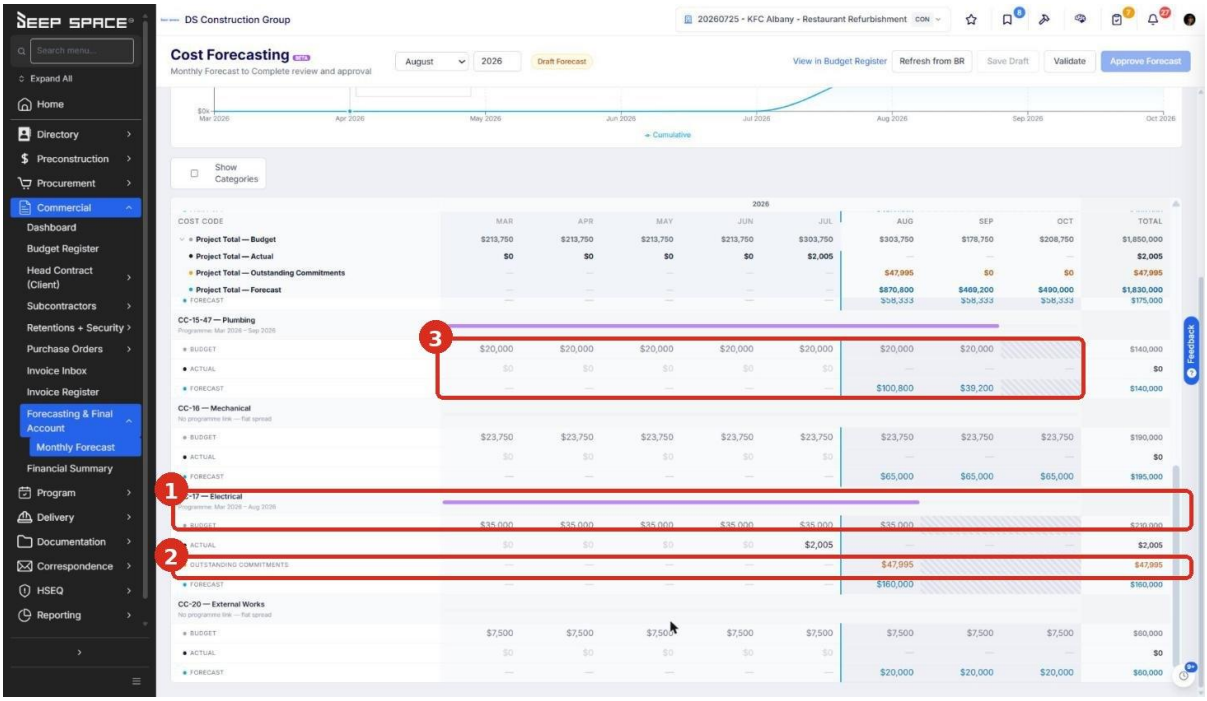


Figure 18. Cost code detail, showing programme-driven spreading and the commitments row.

[1] CC-17 Electrical, with its programme window (Mar to Aug) printed under the name and a purple bar showing that window against the calendar. The hatched cells to the right are months where this trade is simply not working.

[2] The Outstanding Commitments row in amber: 47,995, not 50,000. The 2,005 already invoiced sits in the Actual row, so counting the full 50,000 here would double up. Row total 47,995, and 2,005 + 47,995 + 160,000 = 210,000, this code's EAC.

[3] CC-15-47 Plumbing, showing that the spread is weighted rather than flat: its 140,000 FTC splits 100,800 in August and 39,200 in September, following the shape of the programme rather than being divided in half.

Task linked versus flat spread

Where a cost code is linked to programme tasks, its money follows the schedule, which is why Plumbing is uneven.

Where it is not linked, the platform says so ("No programme link, flat spread") and divides evenly. Structural Steel spreads 98,333 across three months to reach its 295,000 FTC.

That honesty matters. A flat spread is a guess, and labelling it as one tells the CM exactly which lines would improve if someone linked the programme properly.

9.3 Rolling up to categories

Eleven cost codes at four rows each is forty four rows, and a real project has forty or more codes. The Show Categories toggle collapses everything to Budget Category level.

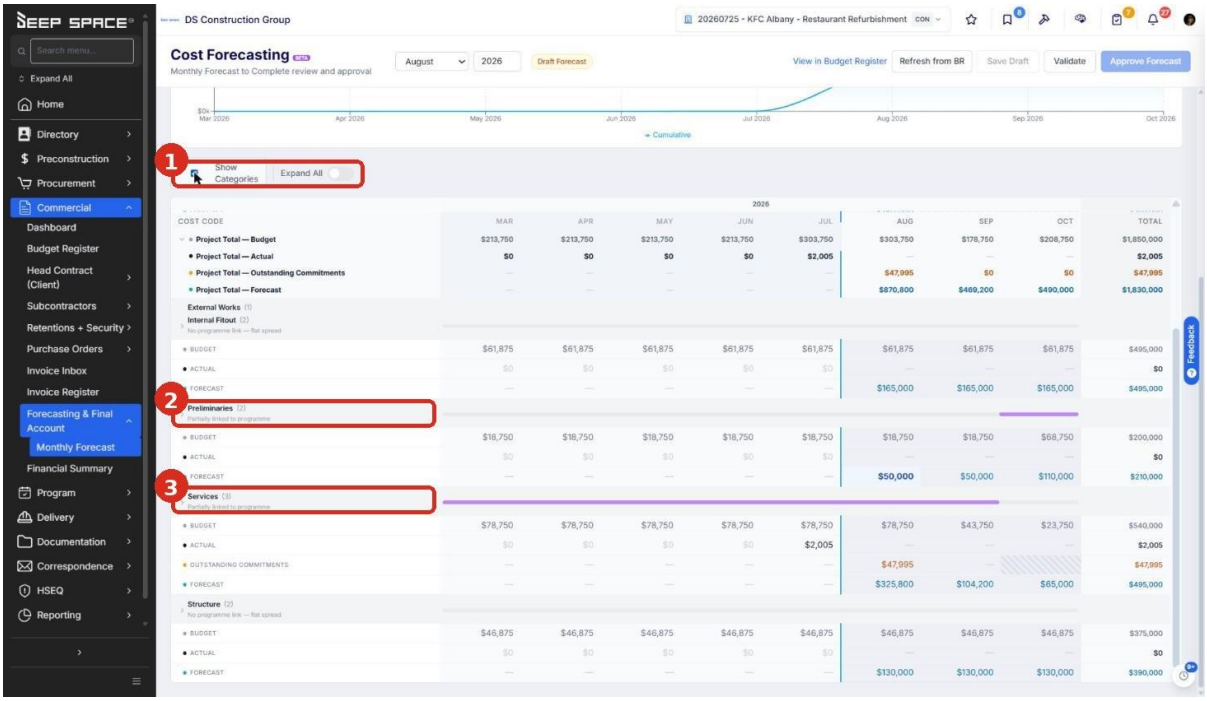


Figure 19. The same grid rolled up to six categories.

[1] Show Categories switched on, with an Expand All toggle beside it for drilling back down.

[2] Preliminaries, labelled "Partially linked to programme" because one of its two cost codes is linked and the other is not. The platform refuses to claim either state.

[3] Services, three cost codes, also partially linked, and carrying the Outstanding Commitments row because one of its children (Electrical) has commitments.

Category	Children	Budget	Forecast
Building Envelope	1	180,000	180,000
External Works	1	60,000	60,000
Internal Fitout	2	495,000	495,000
Preliminaries	2	200,000	210,000
Services	3	540,000	495,000
Structure	2	375,000	390,000
Total	11	1,850,000	1,830,000

Collapsed or expanded, the totals are identical. A category's programme window is the union of its children's windows, so a category containing one March to September code and one October only code shows as active March to October.

10. The Financial Summary tab: one accountable statement

Cost Forecasting is where the numbers are made. The Financial Summary tab is where a single project's whole financial position is read, in one page, with revenue and cost and margin and cash side by side. Nothing on this page is typed.

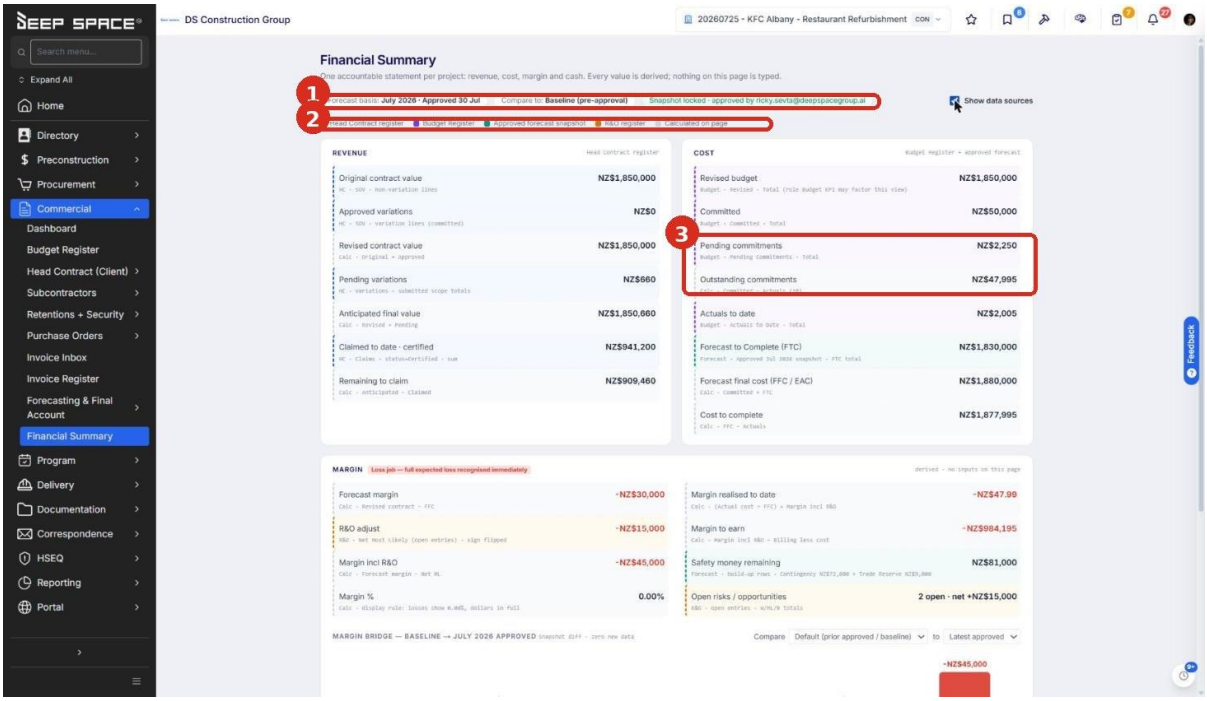


Figure 20. The Financial Summary tab with data sources switched on.

[1] The forecast basis (July 2026, approved 30 July) and confirmation that the snapshot is locked, with the approver named. The page tells you which version of the truth you are looking at.

[2] The Show data sources toggle and its colour key. Blue is the Head Contract register, purple the Budget Register, teal the approved forecast snapshot, amber the R&O register, grey calculated here.

[3] Every row carries its own source line. FTC reads "Forecast, Approved Jul 2026 snapshot, FTC total", so the question "where did this number come from" is answered on the page rather than in a meeting.

10.1 The margin bridge

The bridge is the part a director leans in for. It takes two locked snapshots and explains, in order, every reason margin moved between them.

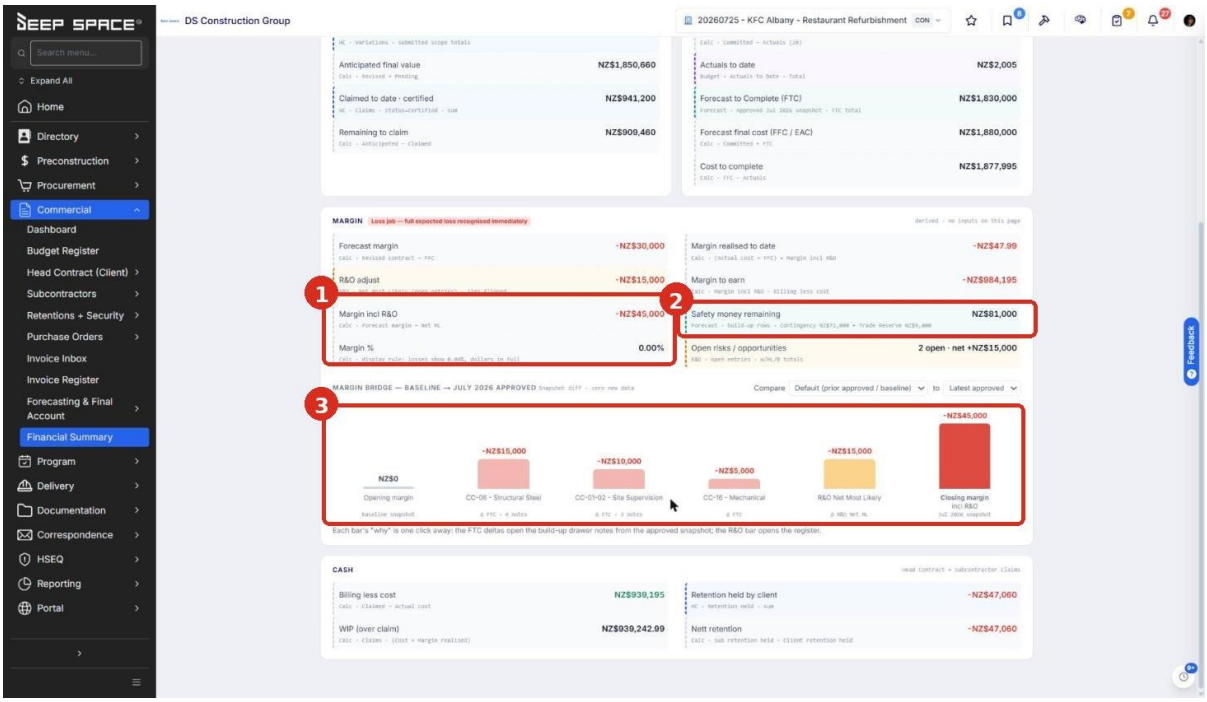


Figure 21. The margin block and the bridge waterfall.

[1] R&O Adjust of -15,000 flowing into Margin incl R&O of -45,000. This is the risk register reaching the reporting layer, exactly as described in section 8.

[2] Safety money remaining: 81,000, being the Contingency (72,000) and Trade Reserve (9,000) rows typed into the FTC build-ups across the job. That is margin upside available for release as the job de-risks, and no one had to hunt for it.

[3] The bridge itself: opening 0, then -15,000 Structural Steel, -10,000 Site Supervision, -5,000 Mechanical, -15,000 R&O, closing -45,000. The same three cost code movements from the Variance tab, now expressed as reasons margin moved.

The rule that makes a bridge trustworthy

Opening margin plus every movement must always equal closing margin. 0 -15,000 -10,000 -5,000 -15,000 = -45,000. If that ever fails to balance, something is missing from the explanation rather than the maths being wrong.

And every bar drills in: the cost code bars open the build-up notes from the approved snapshot, so "why did steel move 15,000" is one click, not an email.

7. Part D. WIP: what it is and how the platform calculates it

7.1 What is WIP anyway?

WIP (work in progress) exists because of a timing problem: what you invoice a client rarely lines up with the work you have actually done. Accounting rules say profit must be recognised as the work is earned, not as invoices happen to go out. WIP is the adjustment that fixes the gap each month.

The intuition in one example

Say you invoice a client 100,000 up front but have only done 10,000 of work. Your invoices say you made a fortune this month; reality says you have barely started.

WIP fixes this: the 90,000 you billed ahead of the work is parked on the balance sheet as money you have not earned yet, and it drips into profit as the work actually gets done. Billing behind the work goes the other way: profit you have earned but not yet invoiced gets pulled forward.

7.2 The report and its three formulas

The Project Financial Summary (WIP) lives under Reporting > Custom Reports. One line per job, pulling revenue from the head contract and claims, cost from the Budget Register, and the forecast from what you approved in Part B. Nothing is typed into it.

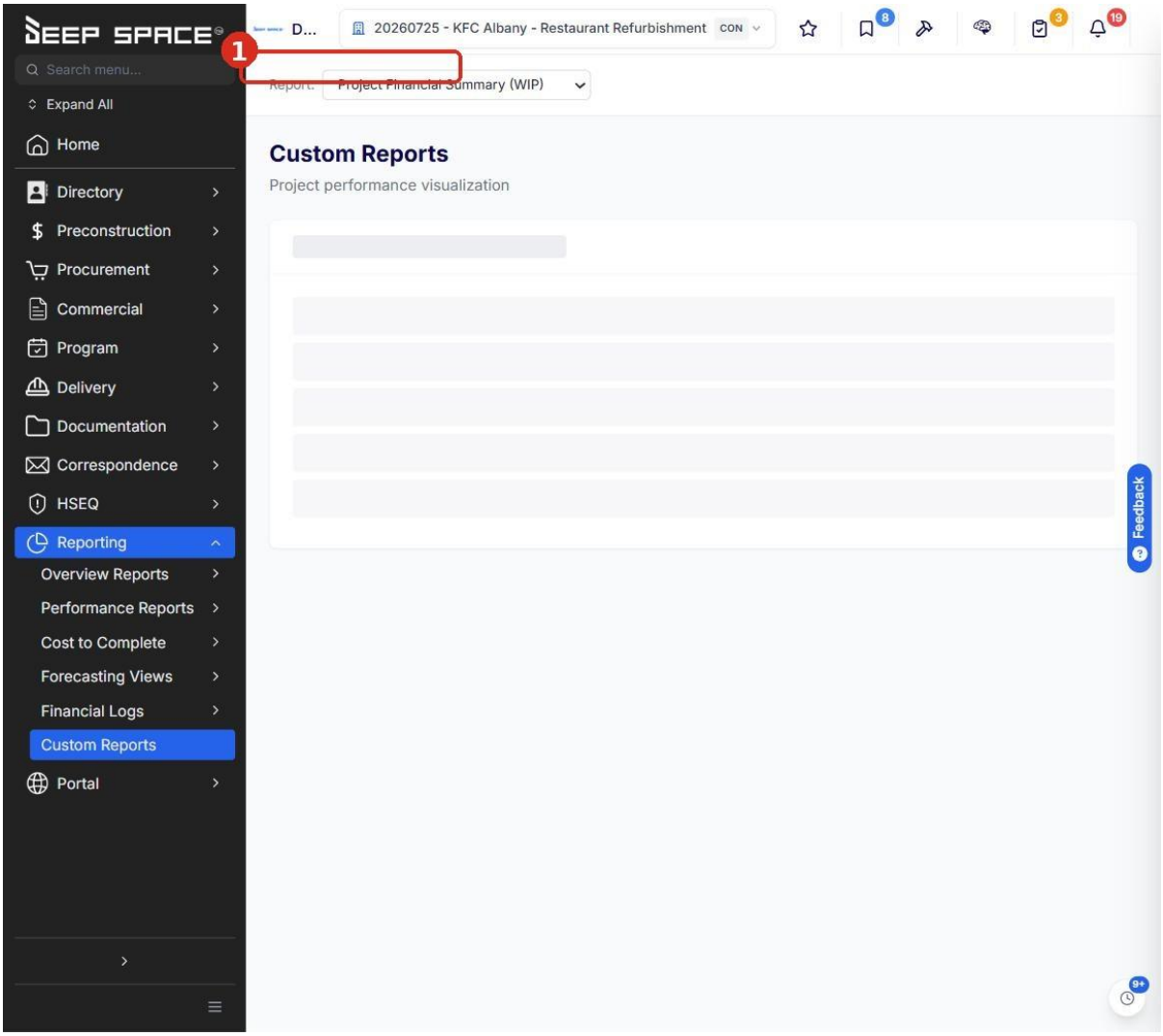


Figure 22. Picking the report from the dropdown.

[1] The report picker. Project Financial Summary (WIP) sits alongside the S-Curve and the other financial reports.

It measures progress by cost: if you have incurred 10% of the forecast final cost, you have earned 10% of the forecast margin. The three formulas:

Formula	In plain words
Margin Realised = (Total Cost / Forecast Final Cost) x Margin	The share of profit you have earned so far, based on how much of the job's cost you have burned.
WIP = Claims to date less (Cost to date + Margin Realised)	What you billed, minus what you have genuinely earned (cost plus earned profit). Positive = billed ahead. Negative = billed behind.
Margin to Earn = Margin incl R&O less Margin Realised	The profit still left to earn on the job: the forecast margin after risk and opportunity, less the margin already earned.

7.3 Tracing every KFC number to its source

Where 939,195 comes from

Claim Total 941,200: the progress claims invoiced to the client so far, straight from the Head Contract register. (The -47,060 beside it is the 5% retention the client holds back from those claims.)

Total Cost 2,005: the only actual cost on the job, one subcontract bill against Electrical, straight from the Budget Register.

Billing less Cost = 941,200 less 2,005 = 939,195. The job has invoiced 939,195 more than it has spent. That is not profit, it is mostly money billed ahead of the work.

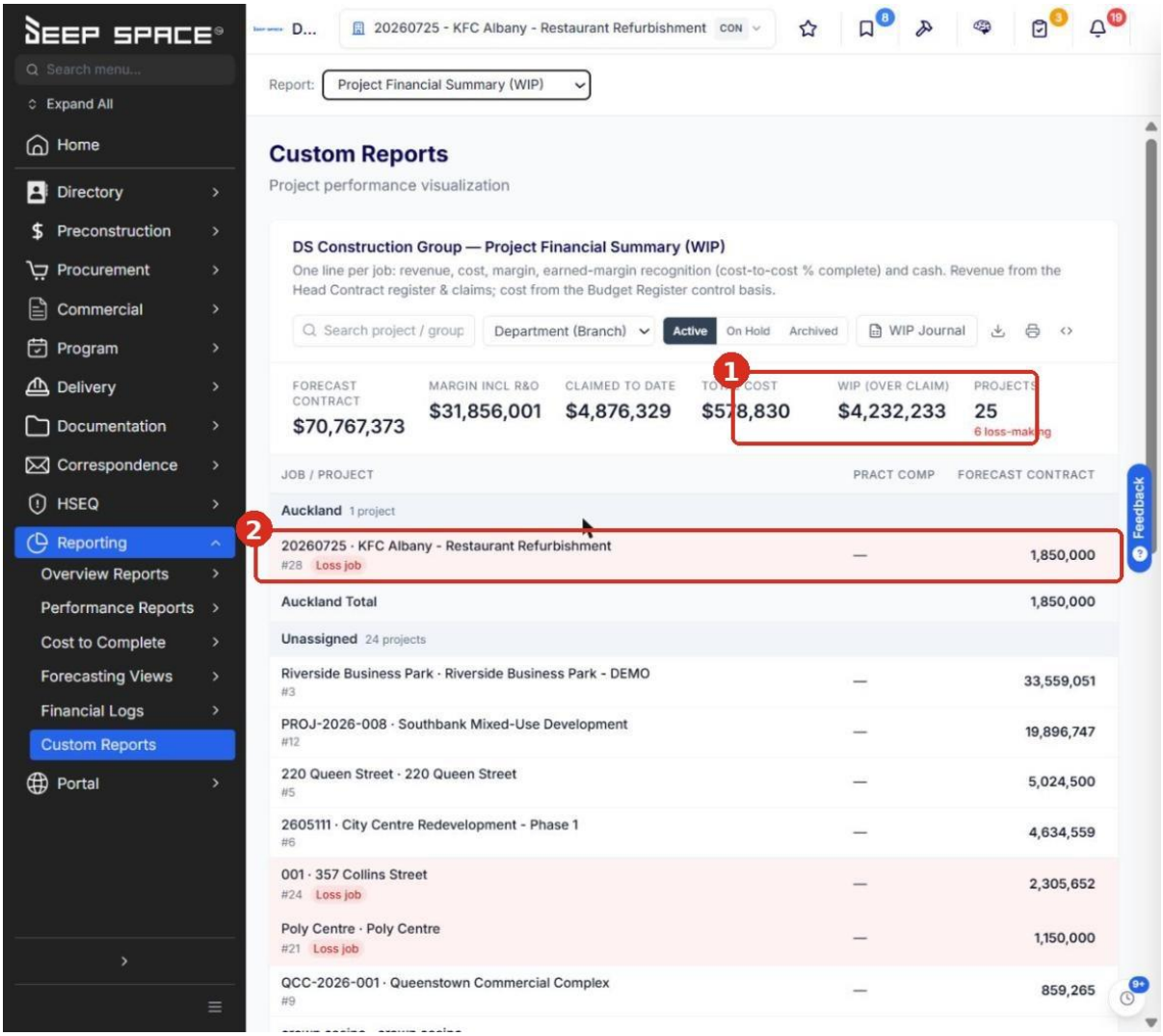


Figure 23. The report after our approval. KFC is now flagged as a loss job.

[1] The portfolio headline: the loss making count went 5 to 6 the instant our approved forecast tipped KFC 30,000 into loss. Nobody told the report; it worked it out.

[2] The KFC row, shaded and tagged Loss job. Note the display rule: a loss shows a 0.00% margin rate rather than a confusing negative percentage, but the dollar loss is shown in full.

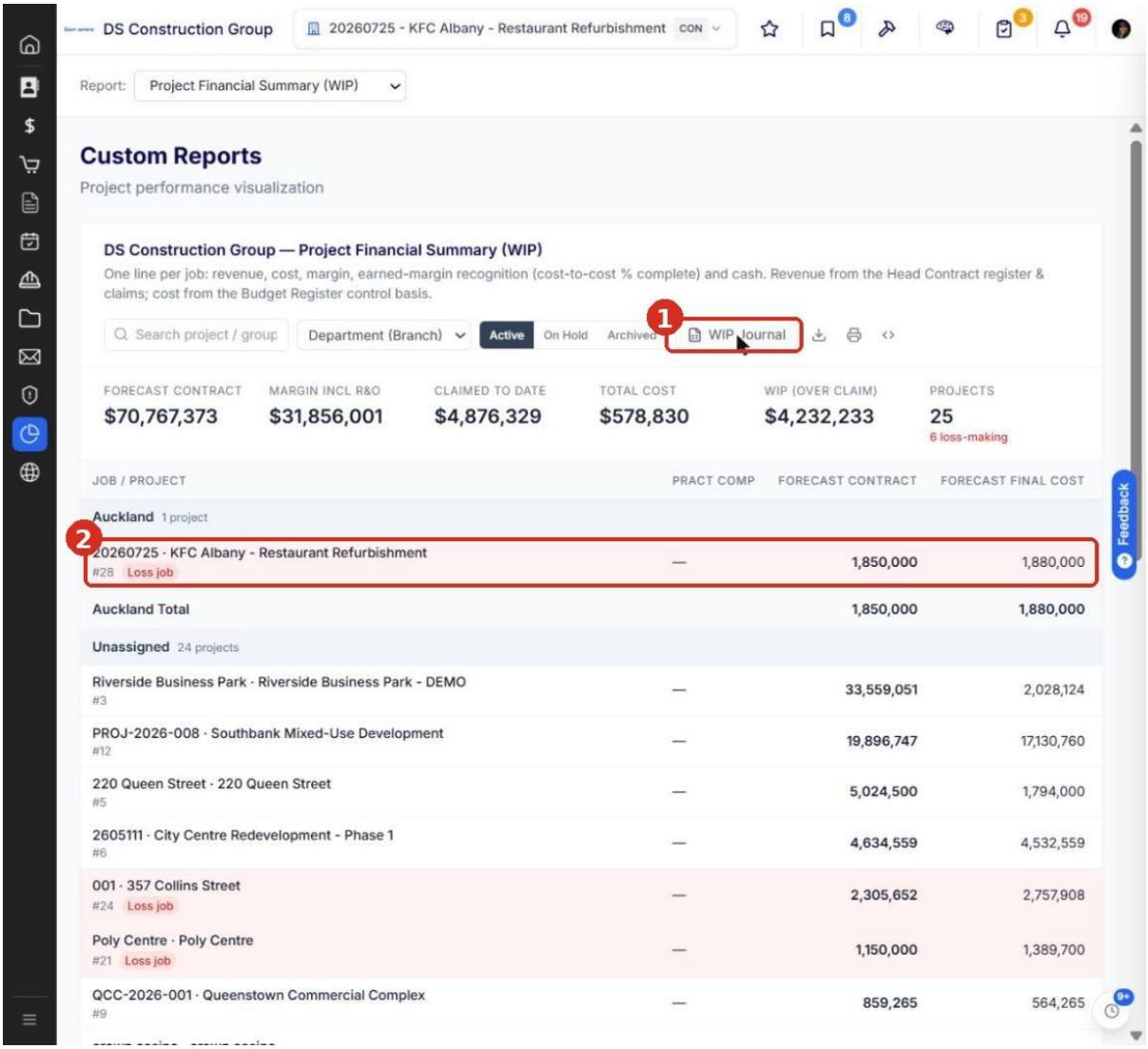


Figure 24. The same report, showing the forecast column and the journal export.

[1] The WIP Journal button, the finance export covered in Part E.

[2] KFC's Forecast Final Cost is 1,880,000, exactly the EAC we approved in Part B. Approval to report with zero re keying.

7.4 The arithmetic, checked by hand

Step	By hand	On screen
How far through by cost: 2,005 / 1,880,000	0.107%	(implied)
Margin Realised: 0.107% x -30,000	-31.99	-32
WIP: 941,200 less (2,005 + -32)	939,227	939,227
Margin to Earn: -45,000 (margin incl R&O) less -32	-44,968	See note
WIP movement: 939,227 less 939,195 (before)	+32	+32

Read that middle row slowly and the whole system clicks: the job is 0.107% through by cost, the forecast margin is -30,000, so the margin earned so far is 0.107% of -30,000, which is -32. Yes, on a loss job you "earn" a tiny slice of the loss as you go, and the report shows exactly that.

Note on Margin to Earn (updated October 2026): the first version of the report subtracted Billing less Cost, which mixed a cash measure into a profit measure and showed -969,195 here. It now reads Margin incl R&O less Margin Realised, the definition in the column tooltip. On KFC that is -45,000 less -32 = -44,968: almost the whole forecast loss is still to come, which is what you would expect on a job that is 0.1% through by cost.

Why loss jobs get special treatment

Spreading a profit over the life of a job is fine. Spreading a known loss is not: accounting rules say the moment you can see a loss coming, you book the whole loss immediately.

That is why the report flags KFC as a Loss job and why the export in Part E carries a Full Loss Provision of -30,000, telling finance to recognise the entire expected loss now rather than 0.107% of it.

8. Part E. What finance actually receives

The WIP Journal button downloads a CSV with one row per project. It is designed so the accountant never re keys anything: each row carries the numbers and even says which direction the journal goes.

> **Dr and Cr in one sentence**
>
> A journal moves money between accounts; "Dr Revenue / Cr Billings in excess" simply means: take the over billed amount out of this month's revenue and park it on the balance sheet as unearned, and the reverse wording pulls under billed revenue forward. The CSV spells out which one applies per job so nobody has to work it out.

The exported columns: Project ID, Job No, Project Name, Department (Branch), Report Date, Margin Realised, Billing Less Cost, WIP Current, WIP Prior, WIP Movement, Journal Direction, Loss Job, Full Loss Provision.

KFC's actual row from the file we exported:

Field	Value	Plain meaning
Margin Realised	-32	Profit (here, loss) earned so far
Billing Less Cost	939,195	Invoiced 939,195 more than spent
WIP Current	939,227	Billed ahead of earned; this much revenue is unearned
Journal Direction	Dr Revenue / Cr Billings in excess	Move it out of revenue, park it on the balance sheet
Loss Job	LOSS	The loss flag from Part D
Full Loss Provision	-30,000	Book the whole expected loss now

Each month finance posts only the movement (this month's WIP less last month's), or reverses last month and reposts the balance, same result. Alongside the journal CSV the report also exports a full CSV and a board pack PDF that keeps the branch grouping and totals for the monthly meeting.

Prior and movement (resolved): WIP Prior and WIP Movement now populate from the WIP position saved at each month-end close. Section 8.1 below shows how the close works, and section 8.3 walks through the scenarios finance will meet.

Before go live, the customer's accountant should confirm four things that are policy rather than mechanics: exact account names, movement versus reverse and repost, GST treatment, and their loss provision policy.

8.1 Closing the month: saving the WIP position

The WIP report is always live. It recalculates from the registers as they stand every time you open it, and the header always shows the current period. There is no date picker. To give finance a fixed month-end figure to post against, Deep Space saves the WIP position at each close. That saved position becomes next month’s WIP Prior, and WIP Movement is calculated from it.

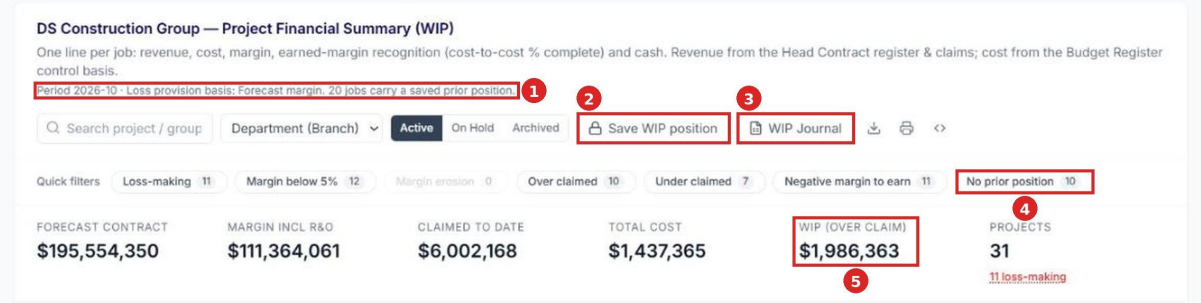


Figure 27. The WIP report header at month-end (DS Construction Group sandbox, October 2026).

[1] The period and policy line. The report always shows the current period. It also states the loss provision basis (here Forecast margin; it is set per workspace, and some use Margin incl R&O) and how many projects carry a saved prior position. When nothing has been saved yet, this line says every project posts as an opening position.

[2] Save WIP position. Its tooltip reads: save this WIP position as the 2026-10 close, so next period's WIP Movement can be posted against it. This is the month-end click.

[3] WIP Journal. The finance export, one row per project, including WIP Prior, WIP Movement and the journal direction (Part E).

[4] The No prior position quick filter counts the projects with no saved position to compare against. Check it before you post: for these projects the movement is the full balance.

[5] The portfolio WIP (over claim) for the projects currently shown. It recalculates when you apply a filter.

Step 1. Approve the month's forecast on each project. The approved forecast drives Forecast Final Cost, so it comes first (Part B).

Step 2. Review the WIP report. Use the quick filters (Loss-making, Over claimed, Under claimed, No prior position) to check the projects that need attention.

Step 3. Click Save WIP position. This records the month-end position for every project, and it is what next month compares against.

Step 4. Click WIP Journal and post. Post the WIP Movement column, or reverse last month and repost the balance; both give the same result.



	ETENTION	TOTAL COST	BILLING LESS COST	MARGIN TO EARN	MARGIN REALISED	1 WIP OVER CLAIM	2 WIP PRIOR	3 WIP MOVEMENT	NETT RETENTION
4	7,755	212,551	748,650	-239,125	-25,153	773,803	822,248	-48,445	-40,305
	7,755	212,551	748,650	-239,125	-25,153	773,803	822,248	-48,445	-40,305
5	0	180,881	2,842	25,088	4,698	-1,857	—	-1,857	-11,549
	6,008	135,805	155,589	35,281	8,216	147,373	—	147,373	-18,465
	6,008	316,687	158,430	60,369	12,914	145,516	0	145,516	-30,014

Figure 28. WIP Over Claim, WIP Prior and WIP Movement side by side.

[1] WIP Over Claim: this month's position, calculated live.

[2] WIP Prior: the WIP Over Claim saved at the previous month-end close. A dash means no earlier close was saved for that project.

[3] WIP Movement: WIP Over Claim less WIP Prior. This is the amount the journal posts.

[4] A project with a saved prior position: 773,803 now against 822,248 saved last month, so the movement is 773,803 less 822,248 = -48,445. Finance posts -48,445, not the full 773,803.

[5] Projects with no saved prior position (opening positions): the movement equals the full balance, -1,857 and 147,373.

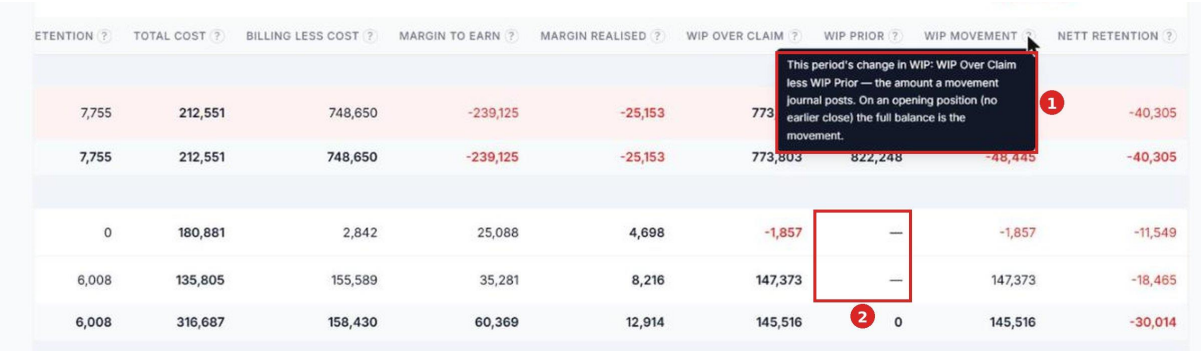


Figure 29. The column tooltips spell out the rule.

[1] The WIP Movement tooltip: this period's change in WIP is WIP Over Claim less WIP Prior, and on an opening position (no earlier close) the full balance is the movement.

[2] The dash in WIP Prior marks an opening position.

8.2 Why Deep Space saves the position instead of re-running WIP for any date

Some systems let you run WIP as at any date by recalculating from transaction dates. Deep Space deliberately works from saved month-end positions instead.

Four reasons for the design

It matches what you posted. Last month's WIP Prior is the exact figure finance journalled, not a fresh recalculation. If a re-run produced a different number, the movement would no longer reconcile to your ledger.

Late paperwork does not rewrite a closed month. A subcontractor claim or supplier invoice for September that is entered in October would change a recalculated September WIP after you had already closed it. With a saved position, the late item flows through October's movement instead, which is how an accountant would treat it.

It stays consistent with the forecast. WIP depends on Forecast Final Cost from the approved monthly forecast, which is locked once approved (Part B). Saving the WIP position at the same close keeps each month's WIP consistent with the forecast that produced it.

It leaves an audit trail. Each saved close is a record you can point to later, in the same way as an approved forecast snapshot.

The trade-off is that you cannot pick an arbitrary past date and see WIP as it stood then. The saved month-end positions are the record of past periods, so the one habit that matters is clicking Save WIP position at every close.

8.3 Scenarios finance will meet

Each scenario below was checked against the live report. The rule underneath all of them is the same: WIP Movement equals WIP Over Claim less the last saved WIP position, and with no saved position the full balance is the movement.

Scenario	What you will see	What to do
First month after moving from another system (for example Simpro)	The header says no earlier period has been saved. Every project shows a dash in WIP Prior, and WIP Movement equals the full balance.	Your previous system holds last month's closing WIP. When posting, net it off (this month's balance less the old system's closing WIP), then click Save WIP position. From next month Deep Space does this for you.

A normal month-end	WIP Prior is filled from last month's save, and WIP Movement shows the change.	Approve forecasts, review, Save WIP position, export the WIP Journal and post the movement.
Last month's close was not saved	The No prior position filter counts the affected projects, and their movement shows the full balance.	Do not post the full balance as a movement. Use the WIP you posted last month as the prior for those projects, then save this month so the gap does not repeat.
A claim or invoice arrives after you closed the month	This month's live WIP includes it. Last month's saved position does not change.	Nothing to fix. The late item flows through this month's movement.
A new project starts this month	A dash in WIP Prior and a movement equal to the full balance.	Post it as shown. A new project's opening WIP is nil, so the full balance is the correct movement.
A project tips into a loss	The row is flagged Loss job, and the journal carries a Full Loss Provision on the basis shown in the report header.	Book the full provision. Confirm with your accountant that the basis (Forecast margin, or Margin incl R&O) matches your policy.

12. Where two surfaces disagree, and why

Resolved on 13 August 2026. When we first ran this walkthrough, the Financial Summary and the portfolio WIP report disagreed by 660 on KFC. The WIP report now counts approved variations only, the same as the Financial Summary, so the two surfaces agree. The table and screenshot below are kept as a record of the original run and of why approved-only is the right rule.

Figure	**Financial Summary**	**WIP report**
Forecast contract	1,850,000	1,850,660
Forecast margin	-30,000	-29,340
Margin incl R&O	-45,000	-44,340

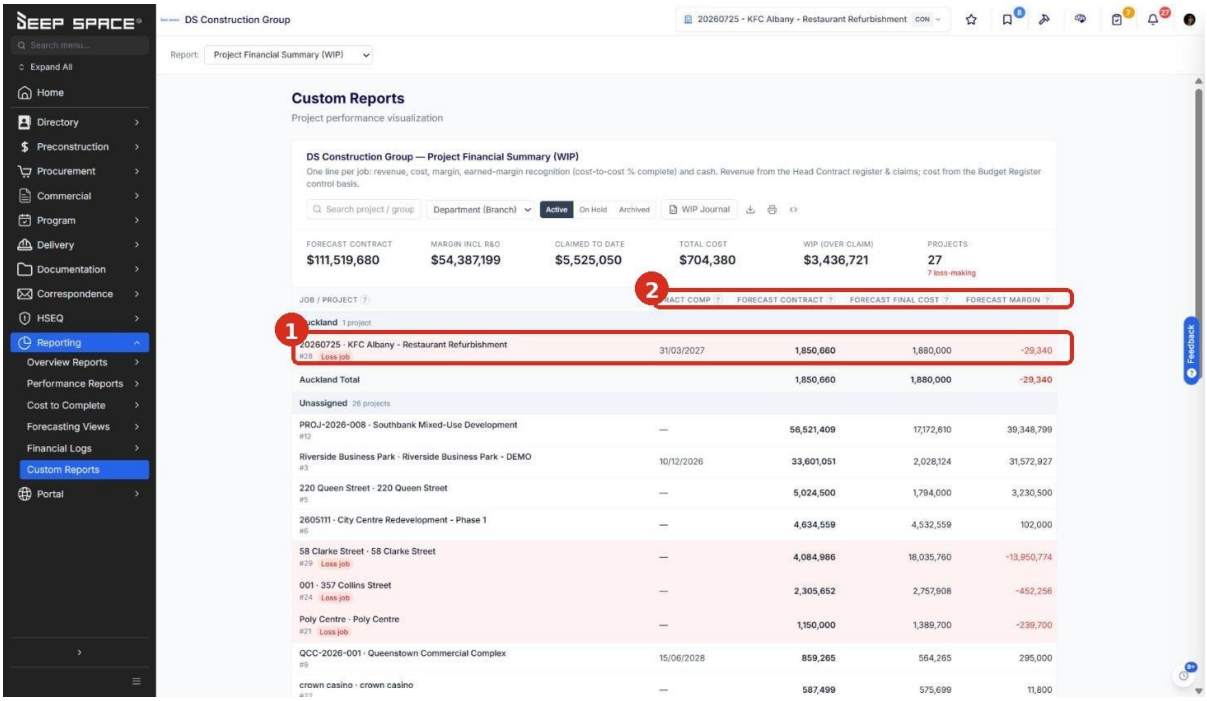


Figure 25. The portfolio WIP report, showing the higher contract value.

[1] The KFC row reading 1,850,660 and a margin of -29,340, where the Financial Summary reads 1,850,000 and -30,000.

[2] Note also the small question marks on every column header. Each is a plain English tooltip explaining what that column means and how it is calculated.

The 660, explained

There is a variation on this job worth 660 that has been submitted to the client but not yet approved.

The Financial Summary counts only approved variations in the contract value, which is the conservative and correct position: you do not book margin on work the client has not agreed to pay for. It shows the pending 660 as its own separate line so nothing is hidden.

At the time of the original run, the WIP report picked that pending variation up inside its contract value, which lifted margin by the same 660. That was corrected on 13 August 2026 (COM-723), and both surfaces now count approved variations only.

Worth knowing the shape of this error in general: including unapproved variations always flatters margin, and it scales. On a job with 500,000 of pending variations, margin would look 500,000 better than it is.

9. Where every number comes from: the source map

Number in the WIP report	Where it comes from
Forecast Contract (1,850,000)	Head Contract register: contract value including approved variations
Claim Total (941,200) and Claim Retention (-47,060)	Head Contract progress claims to the client
Total Cost (2,005) and its Subcontract/Labour/Plant/Stock split	Budget Register actuals, split by cost type
Forecast Final Cost (1,880,000)	The EAC from the approved monthly forecast (Committed + FTC)
Forecast Margin (-30,000)	Forecast Contract less Forecast Final Cost

R&O Adjust	The Risk & Opportunity register's live Net Most Likely, sign flipped. By design R&O never touches EAC (it has no cost code to land on); it adjusts margin in the reporting layer instead
Margin Realised, WIP, Margin to Earn	Calculated by the report from the numbers above, formulas in Part D
Sub Retention	Subcontractor claims: retention we hold from subbies

The best proof of the source map is the Commercial Dashboard, which shows the whole picture on one screen and prints a small source tag under every single number telling you which register or calculation it came from.

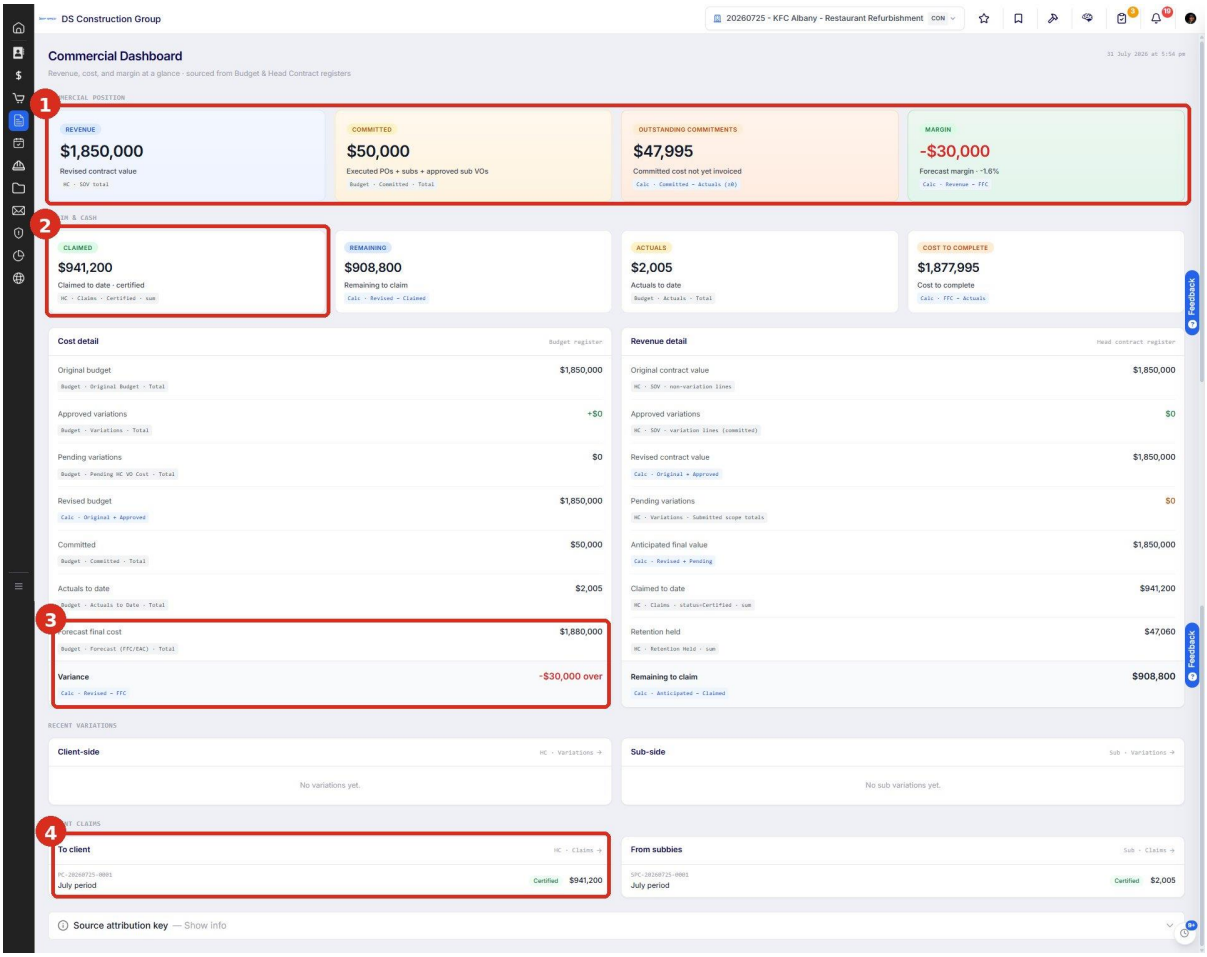


Figure 26. The Commercial Dashboard for KFC after the walkthrough. Every figure carries its own source tag.

[1] The headline position: Revenue 1,850,000, Committed 50,000, Outstanding Commitments 47,995 (committed money not yet invoiced, 50,000 less 2,005) and the Margin card, each tagged with its source.

[2] Claimed 941,200, tagged as the sum of certified head contract claims. This is the source of the Claim Total in the WIP report and the 941,200 in the 939,195 trace.

[3] The cost detail ending in Forecast final cost 1,880,000 (our approved EAC, pulled from the Budget Register forecast fields) and the Variance of -30,000 over.

[4] Recent claims: progress claim PC-20260725-0001, July period, certified at 941,200. The actual document behind the revenue number.

The point of the map: a human typed exactly three kinds of thing in this entire walkthrough (FTC build-up rows, two R&O entries, and one approval click). Every other number was pulled or calculated.

10. Findings and follow-ups

#	Item	Status
1	EAC formula wording on the forecast banners	Fixed. Both banners now read Actuals + Outstanding Commitments + FTC, plus a line explaining why Pending Commitments are excluded
2	R&O net position reaching the reporting layer	Shipped. R&O Adjust of -15,000 now flows to Margin incl R&O of -45,000
3	"Unactualised Commitments" terminology	Fixed. Now Pending Commitments (draft POs) and Outstanding Commitments (committed, not yet invoiced), two clearly separate concepts
4	Practical completion date on the WIP report	Populated. 31/03/2027 on this project
5	Committed cost missing from the cash flow	Fixed. Outstanding Commitments now a fourth series, and the grid reconciles to EAC at 1,880,000
6	Column tooltips on the WIP report	Shipped, including per cost type
7	Pending variation inflating the WIP report contract value	Fixed 13 August 2026. The WIP report counts approved variations only
8	Prior period and movement columns in the journal export	Fixed. WIP Prior and WIP Movement populate from the saved month-end position (Save WIP position, section 8.1)
9	Basis used for the loss provision	Now a workspace setting, shown in the WIP report header (Forecast margin, or Margin incl R&O). Confirm the basis with your accountant
10	Margin to Earn formula on the WIP report	Fixed October 2026. Now Margin incl R&O less Margin Realised

11. Glossary

Term	Meaning
Cost code	A bucket of budget for one part of the job, like Structural Steel or Electrical
Cost type	A second way of slicing cost: Subcontract, Labour, Materials, Plant
Head Contract	The contract between the builder and their client
Progress claim	The builder's monthly invoice to the client for work done
Retention	A slice (often 5%) held back from payments as security until the job proves itself

Variation	An agreed change to the job's scope and price
FTC	Forecast to Complete: estimated cost still to come
EAC	Estimate at Completion: total expected final cost (Committed + FTC)
Contingency	Just in case money for a known risk
Trade Reserve	Buffer held against scope not yet bought
WIP	Work in progress: the monthly adjustment aligning invoiced revenue with earned revenue
Percentage of completion (cost to cost)	Measuring job progress by cost incurred as a share of final cost, and earning profit in that proportion
Provision for foreseeable losses	Booking the whole of an expected loss the moment it becomes visible
Dr / Cr	Debit and credit, the two sides of every accounting journal entry

12. The three questions, answered in brief

How does forecasting work, including uncommitted and risk allowances? One editable number per cost code (the FTC), defaulting to the uncommitted budget, built up from typed rows so contingency and reserves are visible, with a project level Risk & Opportunity register on top. Approval locks the month permanently and writes the results back to the Budget Register.

How does the platform calculate WIP? Progress is measured by cost incurred against forecast final cost, profit is earned in that proportion, and WIP is what you have billed beyond what you have earned. Loss jobs are flagged and the whole loss provisioned immediately. Every figure verified by hand on KFC.

What does finance get? A one row per project CSV that names the journal direction and amounts, including WIP Prior and WIP Movement from the saved month-end position and the loss provision, plus a full report CSV and a board pack PDF, all off live data with nothing re keyed. Click Save WIP position at every close so next month has a prior to post against.

Prepared from a live walkthrough of the Deep Space web app, 30 July 2026. Sandbox note: KFC Albany now carries a locked July 2026 forecast, a Loss job flag and two open R&O entries; supersede via the August cycle if the demo data should be neutralised. Updated 28 October 2026 (v6): month-end close (Save WIP position), scenarios and design reasoning added in sections 8.1 to 8.3; Margin to Earn formula, the pending variation fix and the findings table updated; checked live in the platform on 28 October 2026.